46TH CONGRESS, 2d Session. } HOUSE OF REPRESENTATIVES. { MIS. DOC. No. 5.

CAUSES OF GENERAL DEPRESSION IN LABOR AND BUSINESS. CHINESE IMMIGRATION.

INVESTIGATION

BY A

SELECT COMMITTEE

OF THE

HOUSE OF REPRESENTATIVES

RELATIVE TO

THE CAUSES OF THE GENERAL DEPRESSION IN LABOR AND BUSINESS; AND AS TO CHINESE IMMIGRATION.

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FORTY-SIXTH CONGRESS, FIRST SESSION.

CONGRESS OF THE UNITED STATES,
In the House of Representatives, April 11, 1879.

The Speaker announced the appointment of Mr. Hendrick B. Wright, of Pennsylvania; Mr. H. L. Dickey, of Ohio; Mr. M. P. O'Connor, of South Carolina; Mr. T. H. Murch, of Maine; Mr. J. C. Sherwin, of Illinois; Mr. Calvin Cowgill, of Indiana; and Mr. J. J. Martin, of North Carolina, on the Select Committee to inquire into the causes of the present depression of labor; which committee was authorized in the Forty-fifth Congress, and (not having made a report) was continued.

The following is the resolution for the creation of the committee:

FORTY-FIFTH CONGRESS, SECOND SESSION.

CONGRESS OF THE UNITED STATES,
In the House of Representatives, June 17, 1878.

Mr. Thompson submitted the following; which was agreed to:

Whereas labor and the productive interests of the country are greatly depressed and suffering severely from causes not yet fully understood; and

Whereas our real and permanent prosperity is founded and dependent upon labor as the source of all wealth; that when labor suffers from any cause which may be removed or its rigor mitigated our national harmony and prosperity are thereby imperiled; that it is therefore the solemn duty of Congress to inquire into and ascertain the causes of such prostration and to devise proper measures for their relief, that labor may be restored its just rights, to the end that labor and all our varied interests may be encouraged, promoted, and protected by liberal, just, and equal laws: Therefore,

Resolved, That a committee consisting of seven members of this House be appointed whose duty it shall be to inquire into and ascertain the causes of general business depression, especially of labor, to devise and propose measures for relief, and that to enable said committee to perform its important duties hereby conferred, it has leave to sit during recess, to employ a clerk and such other assistance as may be needed, to examine witnesses, and to report at next session the result of its investigations and the measures for relief it may recommend, by bill or otherwise.

Attest:

(Signed) GEO. M. ADAMS, *Clerk.*

TESTIMONY.

TESTIMONY TAKEN IN CHICAGO.

CONTRACTION OF THE CURRENCY—SOCIAL PROBLEMS.

CHICAGO, ILL., *July* 28, 1879.

The committee met in a parlor of the Tremont House; present, the Chairman (Mr. Wright, of Pennsylvania), and Messrs. O'Connor of South Carolina, Dickey of Ohio, Cowgill of Indiana, Sherwin of Illinois, and Martin of North Carolina.

Statement of Mr. L. J. Gage.

Mr. L. J. GAGE, cashier of the National Bank of Chicago, came before the committee at its request.

The CHAIRMAN. How long have you been engaged in the banking business in this city?

Mr. GAGE. For twenty-one years.

The CHAIRMAN. Uninterruptedly?

Mr. GAGE. Yes, sir.

The CHAIRMAN. State as to the general amount of banking business in this city, the rates of discount, the banking capital, and such other matters as relate to that business.

Mr. GAGE. The banking capital of Chicago is now about ten millions of dollars. That includes all the banks. I have not got the figures before me, and speak only from recollection.

The CHAIRMAN. You mean by that the incorporated banks of the city?

Mr. GAGE. Yes, sir.

The CHAIRMAN. You do not include brokers and such business houses?

Mr. GAGE. No, sir.

The CHAIRMAN. Can you give us an idea of the general amount of bank deposits in this city, taking in the present year with the five or six past years?

Mr. GAGE. The average deposits held by all the banks of Chicago is not far from thirty millions of dollars.

The CHAIRMAN. What is the average amount of loans and discounts?

Mr. GAGE. I think from twenty-two to twenty-four million dollars.

The CHAIRMAN. What has been the usual rate of interest, taking in an average of ten years past?

Mr. GAGE. The rate of interest ten years ago was 10 per cent. on all loans and discounts made by the banks. Since that time the rate has slowly settled, until now it may be quoted as from 6 to 8 per cent., according to the character of the loans, their desirability, &c.

The CHAIRMAN. Taking an average of the last ten years, has there been money sufficient in the banks of Chicago to accommodate the business community?

Mr. GAGE. I think so; I think there never has been a deficiency of

money for the last ten years to meet all the legitimate business demands. At present there is a large surplus of loanable funds in the banks which the banks will be glad to use.

The CHAIRMAN. State in general terms whether, in your opinion, there is any necessity for an increase of the currency of the country?

Mr. GAGE. I cannot conceive of there being any necessity at present for any increase in the circulating medium.

The CHAIRMAN. Do you confine your remark to the present time, or do you take in an average of ten years? Has that been the rule during that period?

Mr. GAGE. I think that the necessity, if any has existed, existed more than ten years ago, but it does not exist now.

The CHAIRMAN. Make your period five years ago, and what would be your reply?

Mr. GAGE. It would be the same.

The CHAIRMAN. There was no necessity, then, for an increase in the circulating medium?

Mr. GAGE. I think there was no such necessity at any period.

The CHAIRMAN. Have the banks of Chicago been able, during that period of time to discount all the good paper offered?

Mr. GAGE. So far as my experience goes, they have been. The banking interest has been able to take care of all applications for loans that possessed the elements of safety.

The CHAIRMAN. What is your rule as to the safety of discounts?

Mr. GAGE. There are no absolute rules governing the question of safety. Every application, of course, stands on its own merits. The thing that will induce a bank to part with its money is the unquestioned faith that the money will come back again according to the terms of the contract.

The CHAIRMAN. There are two ways of procuring discounts, one by the endorsement of paper, and the other by the deposit of collaterals. Which is the usual mode here?

Mr. GAGE. Both methods prevail here. Banks in this city make large advances on collateral securities, and to a large extent on the pledge of agricultural products, grain, provisions, wool, &c.

The CHAIRMAN. Does the general depression in agriculture and other business affect the banking business in this city?

Mr. GAGE. It has reduced the inquiry for loans, and has consequently increased the idle money in the hands of bankers, and thereby has operated to diminish the profits of the banks.

The CHAIRMAN. Are we to understand that the banking business of this city (taking in a range of eight or ten years) has been in as good a condition as you could desire it to be in?

Mr. GAGE. Not as a whole. Ten years ago the banks held claims against parties whose wealth was estimated by standards which recent history has shown to be false standards. During the last six or seven years, the banking interest has suffered heavily from the failure of parties against whom the banks held claims, and by the reduction in value of securities of all kinds owned by banks. But these losses and this depreciation have, in my opinion, reached their limit, and for the last year or two the banking business in this city has been in a safer and sounder condition as a whole than it had been at any time previously for the last ten years.

The CHAIRMAN. Can you give us an approximate idea as to the average losses by the banks during that period of time?

Mr. GAGE. I cannot venture a statement as to the losses of the banks.

The data exist at Washington so far as the national banks are concerned.

The CHAIRMAN. You mean the annual returns of the banks?

Mr. GAGE. Yes. These returns would show much better than any statement which I would dare to make now.

The CHAIRMAN. You speak of the banks being in a more prosperous condition at present than they had been for the last ten years; when did that increased prosperity commence?

Mr. GAGE. I think it is plainly noticeable for a period dating back twelve or eighteen months ago.

The CHAIRMAN. Then commenced a state of things for the better?

Mr. GAGE. For the better in the way of safety and regularity, but not for the better in the way of apparent profits to the banks. Previous to that period the discounts were larger in proportion to the banking capital employed and to the deposits held.

The CHAIRMAN. And the discounts were done at a higher rate of interest?

Mr. GAGE. Yes, sir; therefore, the business was apparently more profitable to the banks. But this apparent profit was perhaps fully offset on the whole by the losses incident to the period.

The CHAIRMAN. Then at the present time the banking business of Chicago is in a healthy, prosperous condition?

Mr. GAGE. I think it is in a healthy condition, and reasonably prosperous.

The CHAIRMAN. Have the banks of this city the means to accommodate the necessary business requirements of the city?

Mr. GAGE. Undoubtedly they have.

The CHAIRMAN. If the business interests of the country should continue to grow more prosperous, and if the demand for money should be doubled, how would it then be as to the capacity of the banks to accommodate the business of the city?

Mr. GAGE. I think that the demand would be met by increased capital finding its way into the banking business to a point fully adequate to meet any increased demand from the cause that you speak of.

The CHAIRMAN. You would expect the bank deposits to increase to such an extent as to enable the banks to meet the increased requirements of trade?

Mr. GAGE. I have said that additional capital would come into the banking business. There is no doubt that before such increased capital came in a larger proportion of the deposits of the banks would be used by the banks in making discounts than is now used.

The CHAIRMAN. You regulate your line of discount in a great measure according to the amount of deposits which the banks hold. That is one of the elements which enter into the question?

Mr. GAGE. Yes, sir.

The CHAIRMAN. Then you would supply the additional demand for discounts not from additional currency, but from deposits?

Mr. GAGE. From deposits and from increased capital finding its way into the banking business.

The CHAIRMAN. You would not want additional currency issued, in order to meet that additional demand?

Mr. GAGE. I think not.

The CHAIRMAN. Suppose that the business of Chicago were double, and the demand for money were double, what it is now, could you then supply that demand without additional currency?

Mr. GAGE. I think so.

The CHAIRMAN. You base that opinion on what you call additional capital coming into the business? I suppose you mean by that that the deposits of your customers would be increased?

Mr. GAGE. No, sir; when I speak of the capital being increased, I do not mean the deposits of customers, but I mean new and original money brought into the business by the owners of capital. I mean to say that there would be other banks organized, or that the capital stock of existing banks would be increased whenever a demand presents itself that would give remunerative employment to such capital. That certainly would be the case if the business of this city required double the amount of bank loans that is now required.

The CHAIRMAN. Do you think that the city of Chicago has reached its ordinary state of prosperity in business affairs, embracing all trades and occupations?

Mr. GAGE. So far as my observation goes, it seems to me that the general industrial affairs of this city are in a good average condition, but I believe that they will improve still further, and that the evidences of such improvement are very apparent at the present time.

The CHAIRMAN. In estimating what you call a good average condition, you do not adopt your average standard as running through the past seven or eight years. You stated that you thought that about twelve or eighteen months ago there was a renewal of prosperity. What period of time do you fix for Chicago being in a good average condition?

Mr. GAGE. In my opinion the condition of business in Chicago will compare favorably now (in regard to real prosperity) with that of any previous period.

The CHAIRMAN. Going back how far?

Mr. GAGE. To any time you have a mind to.

The CHAIRMAN. Has there been no time when there has been a greater demand in this city for bank accommodations than there is at present (taking in a period of eight years)?

Mr. GAGE. I have already stated, I think, that seven or eight years ago there was a much larger demand for bank accommodation than there is at present, and that that demand has been slowly abating since.

The CHAIRMAN. As a general thing, have the banks paid up their stock subscriptions in full?

Mr. GAGE. I know of no exception to that rule. The stock subscriptions are all paid up.

The CHAIRMAN. Do we understand you as saying that if the business of Chicago were doubled, or were largely increased, the business community would have no trouble in getting accommodation from the banks?

Mr. GAGE. I cannot conceive that they would have any more trouble than there is now.

The CHAIRMAN. That is to say, the banks now have money enough to meet all emergencies, and can increase their capital as business may require?

Mr. GAGE. The increase of business would be gradual, and the demand for money would be gradual, and gradually there would come to the front a supply of banking capital to meet that demand.

The CHAIRMAN. You have turned your attention somewhat, of course, to the question of currency?

Mr. GAGE. Somewhat.

The CHAIRMAN. Do you not think that the reduction of the volume

of currency by more than one-half has been a greater reduction than should have taken place?

Mr. GAGE. No, sir; that is not my opinion.

The CHAIRMAN. The present amount of currency (including legal-tenders and bank notes) amounts, I think, to about seven hundred million dollars?

Mr. GAGE. That is about the amount.

The CHAIRMAN. Do you recollect what the amount was during the war?

Mr. GAGE. There have been various ways of estimating the volume of currency. There has been a great difference of opinion as to what constituted the currency. There were during the war 5 per cent. interest notes (Treasury notes). There were compound-interest notes and gold demand notes, and there were the regular legal-tender notes, with, finally, the national-bank note circulation coming in.

The CHAIRMAN. Making an aggregate of about how much?

Mr. GAGE. I cannot say exactly from memory; but if it should all be called circulation (about which there is much dispute), I should say that the amount was some fifteen hundred million dollars.

The CHAIRMAN. In your judgment, was the contraction of that volume of currency, down to its present amount, calculated in any way to depress or to interfere with the industries of the country?

Mr. GAGE. I have no doubt that the withdrawal or funding of that volume of government indebtedness just spoken of has operated somewhat, during the last eight or ten years, to depress prices. As to the extent to which it has operated, there is probably no method of determining absolutely, but in my opinion it has not been a very essential factor.

The CHAIRMAN. What, in your judgment, have been the essential factors in producing the general prostration of trade and the reduction of the wages of labor throughout the country?

Mr. GAGE. I think that an answer to that question involves a very wide scope, and can only be given intelligently by a much wider consideration than I am able to indulge in at the present time. It would involve the necessity essentially of considering the causes that led to the rise in prices of labor and of all other commodities, and the gradual extension of credits, which was an incident in the rise of prices. My opinion is that the depression was mainly a reaction towards a normal standard and towards normal relations that had been unnaturally disturbed by the causes which led to the increase in prices of all commodities and lands and labor, and to the immense transfer of capital into fixed forms, such as ships, railroads, mines, manufactories, &c., out of due proportion to the then requirements.

The CHAIRMAN. Then, according to your judgment, the movement was simply going back to what you call the normal condition of affairs?

Mr. GAGE. That expresses it

The CHAIRMAN. What is the average shrinkage in the value of real estate in this city, comparing its present value with its value before the panic in 1873?

Mr. GAGE. I hardly feel authorized to indulge in estimates of that kind, as my attention has not been sufficiently attracted to that subject.

The CHAIRMAN. Is it not a conceded fact that there has been a very large shrinkage in the value of real estate in Chicago?

Mr. GAGE. Yes, sir; that is unquestionably true.

The CHAIRMAN. To what cause do you attribute such shrinkage?

Mr. GAGE. The immediate cause of it is that there are more sellers than buyers. But the reason why there are more sellers than buyers will be found, I think, involved in my answer to a previous question. There had been an extraordinary and wild inflation of prices, and the present low prices are a reaction.

Mr. SHERWIN. How do the prices of real estate in Chicago compare now with the prices previous to the period of inflation?

Mr. GAGE. I am not sufficiently acquainted with the market to feel justified in answering the question or in making estimates on that point.

Mr. SHERWIN. What would be the purchasing power of the present prices of real estate in this city compared with the purchasing power of the prices at which such real estate could have been sold in 1873?

Mr. GAGE. An answer to that question would infer information on my part which I do not claim to be possessed of, but my opinion is that, taking the average of real estate in this city (business property and all that is in actual use for the conduct of business operations and under rental), the purchasing power of the present selling price of real estate as against commodities generally would not be essentially different from the purchasing power of the selling price of real estate towards commodities generally in the former period; but in that statement I do not claim to be exact.

Mr. SHERWIN. The inflation of property here was less in respect to inside city property than in respect to outside property.

Mr. GAGE. Yes, sir; consequently the shrinkage on outlying lands and lots has been altogether out of proportion to the shrinkage sustained by improved property under rental.

Mr. O'CONNOR. You stated that during the war there were about fifteen hundred millions of circulating medium of all kinds afloat in the country. Can you tell when the government commenced to withdraw the circulation?

Mr. GAGE. About 1866, I think, when the process of the refunding and retirement of those interest bearing notes began.

Mr. O'CONNOR. Contemporaneously with the adoption of the policy by the Secretary of the Treasury of the withdrawal of the circulation, did not the shrinkage in values begin, both as to labor and as to the prices of commodities?

Mr. GAGE. I am not of that opinion. I think there was no perceptible break in prices of commodities or in prices of labor until the year 1873. I think that the thing kept on booming here until 1873.

Mr. O'CONNOR. Was not the ratio in the increase of the population of Chicago much larger ten years ago than it has been since?

Mr. GAGE. I think that that is true.

Mr. O'CONNOR. Was not the volume of trade and business transactions in Chicago ten years ago much larger than it has been since?

Mr. GAGE. Estimating it in prices, yes; estimating it in bulk of commodities handled, not by any means. There has been a large increase in the quantity of trade.

Mr. O'CONNOR. Does not the increase of population necessarily increase the volume of trade and business of any city?

Mr. GAGE. No, sir; except to a very limited extent. Of course the wants of those families coming in would increase the retail trade of a city, but would not necessarily increase its general trade.

Mr. O'CONNOR. Do you or not hold it as a law of political economy that all prices bear a necessary relation to the amount of money or cir-

culating medium that exists? In other words, if fifty millions of banking capital was in use in Chicago, and if that capital was reduced one-fourth or one-third, would that reduction not effect in a similar degree a reduction in the prices of commodities as well as of property?

Mr. GAGE. In answer to the first part of your question, it is, I think, admitted that, as the supply of circulating medium increases, prices tend upward. In answer to the last part of your question, I do not think that the consequences would follow which you suggest.

Mr. O'CONNOR. Supposing that the circulating medium of this country, which is now set down as seven hundred million dollars (greenbacks, national-bank notes, &c.), were reduced one-third, would not that reduction affect prices to the same extent, generally speaking?

Mr. GAGE. I do not think so. If the contraction in paper money which you speak of took place, and if the want of a circulating medium were felt, a metallic currency would come in to supply the need. To get this supply of metallic currency the prices of exported articles would have to decline somewhat, but nothing in comparison to the percentage which you speak of.

Mr. O'CONNOR. When did the depression in the industrial and business interests of Chicago begin? Was it not felt before the panic of 1873?

Mr. GAGE. No, sir; I think not. Everything was very prosperous here until 1873. There was, of course, more or less individual derangement, and there was suffering in consequence of the fire of 1871, but that was purely local.

Mr. O'CONNOR. And you say that a revival in business has been perceptible since when?

Mr. GAGE. For the last twelve or eighteen months.

Mr. MARTIN. Do you think that that revival is going to be permanent?

Mr. GAGE. I see no reason why it should not be permanent.

Mr. DICKEY. You stated in answer to the chairman that business generally was equally prosperous now as at any former period. Do you mean the business of Chicago or the business of the country at large?

Mr. GAGE. I was speaking particularly of the business affairs of Chicago.

Mr. DICKEY. I ask you the same question touching the business of the whole country at large?

Mr. GAGE. I think it is plain that there has been a great improvement in the industrial affairs of the country generally within a period of twelve or eighteen months, but whether that improvement has generally reached as good an average as I have estimated to exist here, I am unable to say.

Mr. DICKEY. Do you consider that there is now any depression in business or labor throughout the country?

Mr. GAGE. So far as my observation goes there is a general improvement in all branches of industry. There is a growing disposition on the part of capitalists to embark in industrial enterprises. This has operated to give increased employment to the idle labor of the country, and is, I think, in a fair way (if undisturbed in its course) to bring into activity all the energies of the country, whether of labor or of capital.

Mr. DICKEY. Did the legislation of Congress affect this matter in any way, or was it the cause of bringing about the depression which existed before the present revival in business?

Mr. GAGE. I do not think that legislation was at all the occasion of the depression. I think the depression was an inevitable result of fore-

going causes, and that it could not have been escaped by all the wisdom of all the legislators.

Mr. DICKEY. Can there be in your judgment any legislation on the financial affairs of the country to benefit its condition? If so, state what that legislation should be.

Mr. GAGE. I do not propose to be wise enough to find a cure by legislation for all the ills that society suffers. In the industrial affairs of the country it seems to me that the duty of legislative bodies is simply to define the obligations of the citizens to each other, and to secure the enforcement of individual rights. In the matter of finances, I believe that the government should confine its operations to the maintenance of its own credit and the faithful discharge of all its financial obligations, interfering as little as possible in the general industrial system.

Mr. DICKEY. I agree with you as to the duty of the legislators in regard to the rights of property and of the rights of individuals, but the Government of the United States does now manage and control the finances of the country. And may not the business and labor depression which existed in this country some time ago, as you admit, have been caused chiefly by the action of Congress in relation to finances?

Mr. GAGE. I think that the depression was caused by, or was the natural effect of, the expansion. The expansion was inaugurated through the financial legislation of Congress. Possibly it was a necessity of the times. At any rate, it has occurred and the evil has been done. I do not think that the refunding of the demand obligations of the government had any effect, except perhaps to hasten an event which was inevitable, and I believe that the highest good of the country was secured by any act or any cause that would bring that period soonest about. Therefore, I regard the action of Congress in retiring some of its outstanding obligations as a beneficent one. It was in the line of the government's direct obligation to do so. If it hastened or made more intense the period of depression, it saved us from many evils which we should have suffered if that period had been longer deferred.

Mr. DICKEY. Then I understand you to mean that the present existing laws in regard to the finances of the country should not be disturbed, but that they should remain as they are?

Mr. GAGE. I do think that they ought to be changed.

Mr. DICKEY. What change would you suggest?

Mr. GAGE. It seems idle (and of course is so) for any individual to offer his opinions as to just what he would have. But you ask the question, and as I have my own opinion about it, I will make free to give my views, knowing that many will receive them with incredulity, many with utter contempt. If I had my say, I would repeal the legal-tender quality of the United States notes. I would pay them to the bearer on demand when he called for them; and I would not issue them any more. I would make gold coin and silver dollars exchangeable with each other at the sub-treasuries of the United States. I would suppress the issue of small bank notes under $5, and I would retire those issued by the government now outstanding as rapidly as possible.

The CHAIRMAN. Do you mean that you would not issue that identical bill again, or that you would not issue another in lieu of it?

Mr. GAGE. I would be willing to reissue new notes when they were called for in exchange for gold, or in payment of government indebtedness.

Mr. DICKEY. Then you are a bi-metallist, I suppose?

Mr. GAGE. Yes.

Mr. DICKEY. Would it not be good legislation to enact that the coinage of silver dollars should be free and unlimited?

Mr. GAGE. With a law in force as I have suggested, making gold and silver interchangeable with each other, it might be perfectly safe for the government to coin silver dollars to the extent that the government will be called upon to do so. But free coinage of silver by the holders of bullion would be impossible except the value of silver should become equal in ratio to the value of gold.

Mr. DICKEY. Under the state of affairs which you suggest, we would have no paper money at all. Is that your position?

Mr. GAGE. No. We would have the demand notes issued by the government and which were not legal-tenders floating in the hands of the people to the extent that such notes might be desired in preference to coin, because the people could get them from the government on the deposit of coin or in payment of claims against the government, and these notes would stay in circulation until the holder wished to realize again the metallic money. We would also have, unless the national banking law were repealed (which I think would be a great mistake) the national bank note circulation. The balance would be a metallic money. Of necessity there would be in the hands of the people and in convenient places of rest all through the United States a large total of coin to supply the needs for the minimum transactions of trade.

Mr. DICKEY. What ought to be the proportion of the paper demand notes to the amount of coin in the Treasury—dollar for dollar?

Mr. GAGE. I think there need be no necessity for the Treasury carrying dollar for dollar, but I do think that the proportion of coin to paper should be large—at least 50 per cent.

Mr. DICKEY. Do you know what proportion of coin is in the Treasury now to the amount of legal-tender notes outstanding, under the theory that resumption has taken place?

Mr. GAGE. I suppose that there is from 38 to 40 per cent. of coin in the Treasury.

Mr. MARTIN. Is there really any depression of labor in the city of Chicago?

Mr. GAGE. I have no doubt that there are a large number of unemployed men in this city. There undoubtedly always are large numbers of unemployed persons in all large cities. Unless there was a surplus of labor, the price of labor would be constantly enhanced by the demand for it. The surplus keeps the price steady. I am not able to answer the question more specifically. I have talked with employers of labor, chiefly manufacturers in various branches, and they have informed me in many cases that they find difficulty in filling their shops now with mechanics. From that I judge that there is a steady increase in the demand for skilled labor, and I think in the demand for common labor also, and I judge that the surplus of unemployed labor is not very much out of proportion at the present time to that in former periods which we have called periods of general prosperity.

Mr. MARTIN. Then you think that a surplus of unemployed labor is no evidence of depression?

Mr. GAGE. An unusual proportion of unemployed labor would be evidence of depression.

Mr. MARTIN. Do you think that there is an unusual surplus of unemployed labor at the present time?

Mr. GAGE. I have already expressed my conviction that the surplus of unemployed labor was not at present much, if any, out of proportion unfavorably to that in former periods which we have called good times.

But on this point my information is not good enough to speak with entire confidence.

Mr. SHERWIN. Have you examined the clearing-house reports for the last six months to see what they show in regard to the volume of business?

Mr. GAGE. The clearing-house reports throughout the country show a marked increase in the volume of business for the six months now closing over the corresponding period of the previous years.

Statement of Mr. George Schneider.

Mr. SCHNEIDER appeared before the committee, at its request, and stated, in response to preliminary questions, that he has resided in Chicago for the last 28 years, and is president of the National Bank of Illinois.

The CHAIRMAN. Have you been engaged in the banking business during your whole residence in this city?

Mr. SCHNEIDER. Not entirely, but that has been my chief business.

The CHAIRMAN. Is there any necessity for having any more currency for the discharge of the ordinary business in this city?

Mr. SCHNEIDER. I should not think so.

The CHAIRMAN. Give us your reasons for that opinion.

Mr. SCHNEIDER. All reasonable demands for discounts, as I understand, coming to the banks from manufacturers and merchants, are complied with.

The CHAIRMAN. Have the banks of this city funds enough to meet the necessary demands for the transaction of the business of the city?

Mr. SCHNEIDER. I believe so.

The CHAIRMAN. What is your usual rate of interest here?

Mr. SCHNEIDER. At present from six to eight per cent.

The CHAIRMAN. What has it been on an average for the last eight or nine years?

Mr. SCHNEIDER. I think it has been running about 9 per cent., sometimes 10 per cent.

The CHAIRMAN. What is the rate of interest here as established by the law of the State?

Mr. SCHNEIDER. Eight per cent. at present.

The CHAIRMAN. Is that the rule generally throughout the State?

Mr. SCHNEIDER. Yes; it is the law as passed by the last legislature. Before that the rate was 10 per cent.

The CHAIRMAN. Do you regard the business of this city in all branches of trade, commerce, industry, and labor as being in as flourishing a condition now as it has been at any time within ten years past?

Mr. SCHNEIDER. I should think it is better than it has been since 1873. Before 1873 the volume of business was larger, I think. But it is better at present than it has been for the last five years.

The CHAIRMAN. During the last five years has not business in this city been generally depressed?

Mr. SCHNEIDER. To some extent. The same causes that exist in older and larger commercial centres exist to some extent here, but perhaps to a less extent. Of course, we are so near to the productions of the country that the depression is less here than it is at points farther east.

The CHAIRMAN. Has there been no depression in the labor of this city during the last seven or eight years?

Mr. SCHNEIDER. There has been to some extent. As particular

branches of industry have been depressed, of course labor was depressed with them.

The CHAIRMAN. What branches of industry have been subjected to this general depression?

Mr. SCHNEIDER. The iron business, for instance.

The CHAIRMAN. Has any other business been?

Mr. SCHNEIDER. Only to a moderate extent. We are commencing to be a manufacturing town, and I think that other industries are depressed less now than at almost any other period I know of.

The CHAIRMAN. Then you think that you have been better off in this city than the people throughout the country generally have been?

Mr. SCHNEIDER. I should think so.

The CHAIRMAN. I am informed that there is a very great depreciation in the value of real estate in this city. State how that fact is.

Mr. SCHNEIDER. I think it is no more depressed than real estate is at any other point in the country, perhaps less so.

The CHAIRMAN. What percentage would you fix upon as the shrinkage in value in real estate since 1873?

Mr. SCHNEIDER. I have never had any transactions in real estate, and am not an expert in the business, so would not like to give you figures.

The CHAIRMAN. But there has been and is a general shrinkage in value?

Mr. SCHNEIDER. Yes, sir.

The CHAIRMAN. Is it your opinion at this time that the banks of this city can furnish the necessary discounts for the transaction of the business affairs of this city?

Mr. SCHNEIDER. Yes; I believe so.

The CHAIRMAN. Suppose that the demand for discounts should be doubled, would the banks then have, with their present capital, sufficient money to meet the demand?

Mr. SCHNEIDER. The capital would naturally increase. As soon as capital can find employment, of course it seeks employment. Then the increase of business would bring more deposits into the banks. The banking business is, first capital; then that capital attracts deposits; and that is the basis of the banking business as carried on in America.

The CHAIRMAN. Your line of discounts is based generally on the amount of deposits held by the banks?

Mr. SCHNEIDER. Yes.

The CHAIRMAN. And in your judgment there is no occasion for an increase of currency to meet the increasing demand of business in this city?

Mr. SCHNEIDER. Not in my judgment.

The CHAIRMAN. Do you regard the reduction of the currency of the country from seventeen hundred millions to seven hundred millions as good policy on the part of this government?

Mr. SCHNEIDER. I should think it is beneficial to the legitimate business of the country.

The CHAIRMAN. Do you not think that that reduction has had something to do with the general depression?

Mr. SCHNEIDER. It may have depressed what you may call speculation or illegitimate business. It may have kept down business ventures which had not a good foundation, but, in my opinion, the country at large should require a solid foundation for all business enterprises. The real welfare of the people demands a curtailing of wild speculation, and

it should be the interest of government, so far as it can, to have business channels protected and not to foster speculation.

The CHAIRMAN. Are you sufficiently informed to give us a statement as to the condition of laboring men in this city, and as to the prices of wages?

Mr. SCHNEIDER. I am not personally familiar with the details of that question.

The CHAIRMAN. Are there an unusual number of unemployed men in this city?

Mr. SCHNEIDER. I do not think so.

The CHAIRMAN. Do you think there is business enough to furnish employment for the laboring men in this city?

Mr. SCHNEIDER. Yes, to a moderate and reasonable extent.

The CHAIRMAN. As much now as at any time within a period of seven or eight years?

Mr. SCHNEIDER. The condition of the laborer is better now than it was five or seven years ago.

The CHAIRMAN. When do you date the period of the commencement of renewed prosperity here?

Mr. SCHNEIDER. About a year or a year and a half ago.

The CHAIRMAN. Has the increase continued gradually since?

Mr. SCHNEIDER. Yes, sir.

The CHAIRMAN. Is it still going on?

Mr. SCHNEIDER. Yes, sir.

Mr. O'CONNOR. You do not regard the business and industrial condition of Chicago as any test of the business and industrial condition of other parts of the country?

Mr. SCHNEIDER. No, sir. It may be to some extent, but not entirely.

Mr. O'CONNOR. Your means of prosperity here are much larger than they are in other parts of the Union, are they not?

Mr. SCHNEIDER. I am too modest to say so, but I believe so, to some extent.

Mr. O'CONNOR. This being a central depot for the distribution of all products of the great Northwest, it is necessarily a more prosperous and thriving place than any other part of the country?

Mr. SCHNEIDER. Yes, sir, to some extent it is.

Mr. O'CONNOR. And the amount of depression that may exist here is no guide as to the amount of depression that may exist in other parts of the Union?

Mr. SCHNEIDER. It may be to some extent.

Mr. O'CONNOR. Has there been as much improvement and progress made in the city of Chicago within the last ten years as there had been made in prior decennial periods?

Mr. SCHNEIDER. I should not think so.

Mr. O'CONNOR. What decade in the history of Chicago (confining yourself, of course, to your own personal experience as a resident here) would you take to be the period of the largest prosperity and greatest growth of this city?

Mr. SCHNEIDER. The decade from 1860 to 1870. In 1871 we had the fire, and that checked our prosperity.

Mr. O'CONNOR. Then there has been a decline since 1871?

Mr. SCHNEIDER. There was prosperity right after the fire, in consequence of the large sums of money spent in rebuilding the city.

Mr. O'CONNOR. In what period was the increase of population in Chicago the largest?

Mr. SCHNEIDER. I think the same period. Then right after the fire

there was a large increase of mechanics, attracted by the activity of work.

Mr. MARTIN. Did these mechanics remain here as permanent residents after that?

Mr. SCHNEIDER. Most of them did.

Mr. O'CONNOR. Was the increase of population between 1862 and 1871 greater than between 1872 and the present time?

Mr. SCHNEIDER. I should think so. Of course, there has been a constant increase since then, but there was more rapid increase in that period.

Mr. O'CONNOR. Did you ever hear any complaints from the laboring classes between 1862 and 1872 as to the want of labor?

Mr. SCHNEIDER. Not much. Of course, there are always complaints. People are never entirely satisfied.

Mr. O'CONNOR. Have you heard of such complaints between 1872 and the present time?

Mr. SCHNEIDER. Yes.

Mr. O'CONNOR. Do you or not believe that there is good cause for such complaint on the part of the laboring classes?

Mr. SCHNEIDER. I have always found that those who are willing to work can get work. The laboring classes, as a rule, own property here. The city is a new one, and when the laboring classes came here lots were cheap, and they bought property and built frame houses on it. The workingmen of Chicago own more property to-day than the workingmen of almost any other city in the Union.

Mr. MARTIN. Is there a complaint now among the workingmen of want of labor?

Mr. SCHNEIDER. I should judge, according to the newspapers, that there is.

Mr. O'CONNOR. Has there not been a long line of bankruptcies that have taken place in Chicago among the dealers in real estate and among the commercial classes?

Mr. SCHNEIDER. Yes, sir.

Mr. O'CONNOR. I suppose you have seen a copy of Dun's circular, showing the statistics of bankruptcy every year?

Mr. SCHNEIDER. Yes.

Mr. O'CONNOR. Have not the bankruptcies that have taken place in Chicago been steadily increasing from 1870 to 1879? Does not each succeeding year show an increase in the number of failures in this city?

Mr. SCHNEIDER. I am not familiar with statistics on that subject. But the national bankrupt act was on the eve of being abolished, and that of course caused many persons to take advantage of the act before it expired. I should say that over half of the bankruptcy cases that have taken place within the last couple of years have not been what could be styled commercial failures or failures in business.

Mr. O'CONNOR. The repeal of the bankrupt act took effect, I believe, on the 1st of September, 1878?

Mr. SCHNEIDER. I believe so.

Mr. O'CONNOR. Do not the statistics of failures since then show a larger amount of failures than occurred during the preceding year?

Mr. SCHNEIDER. I do not think so.

Mr. O'CONNOR. About what period in the history of Chicago did the working classes secure the largest number of homesteads for themselves?

Mr. SCHNEIDER. I should think in the beginning, when the immigration into Chicago commenced. I came here in 1851. A large immigra-

tion commenced in 1854. Laborers then had good prices, and they invested their savings in lots. At least that was the tendency at that time.

Mr. O'CONNOR. The laborers were gradually improving their condition during the period of the largest prosperity in the city of Chicago and during the period when there was a large influx of immigration?

Mr. SCHNEIDER. Yes, sir. The majority of present owners of factories in this city have been working men, to my knowledge. Take, for instance, the manufacture of furniture, which is a very large branch of industry here, and one half or two thirds of the manufacturers—the most prosperous of them—have been, to my knowledge, workingmen themselves.

Mr. O'CONNOR. Has not nearly every citizen of Chicago been the architect of his own fortune?

Mr. SCHNEIDER. Nearly so. All came here poor. The rich man of olden times has become poor and the poor man has become rich. That is so especially in manufacturing business; not so much so in mercantile business.

Mr. O'CONNOR. When was the largest increase of the manufacturing business of Chicago?

Mr. SCHNEIDER. In the period from 1862 to 1870.

Mr. O'CONNOR. What was the period in which the largest amount of mercantile business was done here?

Mr. SCHNEIDER. I should think in the same period, and again from the fire up to 1873.

Mr. SHERWIN. I find in a newspaper reports (which I suppose to be correct) of the clearing-houses of twenty-two cities, and they show an increase of clearances for the six months of this year over the six months of last year in every instance except seven, and they show a total volume of increase of 20 per cent. Is that an indication of prosperity or otherwise?

Mr. SCHNEIDER. It is an indication of enlarged business. It is so accepted the world over.

Mr. SHERWIN. I find also from the same source that the failures for the first six months of 1879 were very materially less than they were for the same period in 1878—less in number, and especially less in the amount of the failures. What would that indicate in the way of business?

Mr. SCHNEIDER. It would indicate that business has gone into better hands—into solvent hands.

Mr. SHERWIN. Is it your opinion that business now is on a solvent basis?

Mr. SCHNEIDER. Yes. I think that business at present is approaching a better state than it has been in at any other time since my knowledge of this country. I came here in 1849.

Mr. SHERWIN. You were here during the years 1857–'58?

Mr. SCHNEIDER. Yes.

Mr. SHERWIN. There was a panic here then?

Mr. SCHNEIDER. Yes.

Mr. SHERWIN. How did the condition of the laboring classes at that time correspond with their condition since the last panic of 1873?

Mr. SCHNEIDER. I think that their present condition is better. The condition of all laboring and other people has been benefited the world over by the invention of machinery, by the completion of the Pacific Railroad, by the telegraph cable, by the Suez Canal, &c. Of course the commercial world is changed, but the condition of men as a general

thing has been benefited. They live in more comfortable style now than they did formerly.

Mr. SHERWIN. What was the cause of the crisis in 1857?

Mr. SCHNEIDER. It was the same as the cause of all crises the world over.

Mr. SHERWIN. The same as the cause of the last crisis?

Mr. SCHNEIDER. Yes; the expansion of credits.

Mr. SHERWIN. I find in a report of the Treasury Department of July 1st a statement showing that in 1873 the amount of legal-tenders outstanding was $356,000,000, and in 1879 $346,000,000; being a contraction of $10,000,000 since 1873. I find that the amount of national bank circulation in 1873 was $347,000,000, and that it is now $329,000,000, being a contraction of $18,000,000; making a total contraction of $28,000,000 in six years. Do you think that that contraction had any perceptible effect on the depression of labor and business?

Mr. SCHNEIDER. My belief is that it had not the effect which is generally ascribed to it.

Mr. SHERWIN. I find by this report that in 1874 the national-bank circulation was in excess of the circulation in 1873 by about four millions and that the legal-tender circulation was in excess about twenty-six millions, so that it would appear from that that the circulation of the country was larger in 1874 than it was in 1873?

Mr. SCHNEIDER. Yes.

Mr. SHERWIN. So that, in your opinion, it could not have been the contraction of the currency that caused the panic?

Mr. SCHNEIDER. That is my belief.

Mr. SHERWIN. Were you a banker in 1863?

Mr. SCHNEIDER. Yes.

Mr. SHERWIN. What is your experience as to the circulation of the 7-30 bonds—as to how much they circulated?

Mr. SCHNEIDER. They did not circulate. They were held as investments.

Mr. SHERWIN. Why were they held as investments?

Mr. SCHNEIDER. Because they were bearing interest.

Mr. SHERWIN. It requires the counting in of these 7-30 notes to bring up the total circulation at that period to the figure of seventeen hundred million dollars?

Mr. SCHNEIDER. I believe so.

Mr. SHERWIN. In 1863 was there much coin in circulation?

Mr. SCHNEIDER. No, sir.

Mr. SHERWIN. How is it now?

Mr. SCHNEIDER. There is very little coin in circulation.

Mr. SHERWIN. Do you know any way of ascertaining exactly the amount of money that Chicago needs to transact its business? Is there any rule on the subject?

Mr. SCHNEIDER. No; the business of Chicago is changing all the time. For instance, the cattle trade is increasing and other branches of business are increasing. Business is changing all the time.

Mr. SHERWIN. Is there any rule or method in any nation by which the amount of currency needed for the transaction of business can be accurately ascertained?

Mr. SCHNEIDER. I should not think so. The amount of currency needed is of course a question of the amount of trade, and will adjust itself. The currency will come when the trade requires it.

Mr. SHERWIN. Then you do not think that it would be for the interest

of the country for Congress to increase arbitrarily the amount of circulating medium?

Mr. SCHNEIDER. I do not think so. I should think that it would be better for the country to have as little financial legislation by Congress as possible.

Mr. SHERWIN. Supposing that the people of the State of Georgia or the people of the State of Illinois had a deficiency of circulating medium, do you know any way by which Congress could ascertain the amount needed to provide for it?

Mr. SCHNEIDER. I would not know how to ascertain it except by the local boards of trade.

Mr. SHERWIN. Can you suggest any legislation by which Congress can ascertain how much circulating medium a State needs and by which Congress can furnish the requisite amount?

Mr. SCHNEIDER. I cannot.

Mr. SHERWIN. How does the amount of products distributed from this city compare this year with previous years?

Mr. SCHNEIDER. There is a steady increase.

Mr. SHERWIN. It was larger last year than the year before?

Mr. SCHNEIDER. I should think so.

Mr. SHERWIN. How would it be in the stock and pork trade?

Mr. SCHNEIDER. There has been a steady increase. The reports of the board of trade here show a steady increase in the stock and cattle trade. Cattle-raising in Europe is decreasing in consequence of the dividing up of the large estates there. Cattle can only be raised on large estates, such as there were in England and Germany in former years. But the tendency at the present day in England and Germany is to cut up and parcel out the large estates, and that policy naturally decreases the production of cattle, and of course causes a greater demand for American cattle, and the demand causes an increase of supply.

Mr. SHERWIN. How is it as to the volume of business and as to the amount of goods handled this year as compared with previous years?

Mr. SCHNEIDER. I have no figures, but I think that the volume this year is equal to that of any previous years, if not larger.

Mr. MARTIN. What were the causes of those failures which you say were not business failures?

Mr. SCHNEIDER. Speculation.

Mr. MARTIN. You say that in your opinion Congress should legislate as little as possible on the subject of the currency. Why do you think so?

Mr. SCHNEIDER. When there is any great necessity for legislation, public opinion will express itself.

Mr. MARTIN. Is not public opinion expressed in Congress. Does not Congress reflect the sentiment of the people?

Mr. SCHNEIDER. With due respect to the present company, I would say not.

Mr. MARTIN. You would say that Congress should not legislate at all on the subject of the currency?

Mr. SCHNEIDER. As little as possible.

Mr. MARTIN. You speak about the increase in the products of farms. How about the price of those products? Has that increased, too?

Mr. SCHNEIDER. I should think so, to some extent.

Mr. SHERWIN. Should the rate of the circulating medium increase in the same proportion as the increase in the products of the country? Supposing that there were $500,000,000 worth of crops to be moved this

year—one-fifth more than were moved last year—would it require one-fifth more currency to transact that business?

Mr. SCHNEIDER. That depends, of course, upon how much currency is locked up. That is a fact which will make itself known in the rate of interest. The rate of interest of money in commercial centers is the true indicator.

Views of Mr. George Marshall Sloan.

Mr. GEORGE MARSHALL SLOAN appeared before the committee at its invitation. He stated in reply to preliminary inquiries that he was a resident of Chicago; that he came here in the fall of 1865; that he had practiced law and loaned money until the time of the great fire; that he had been abroad a portion of the time since 1871. He nominally practiced law, but his library had been burned, and he did not push the business with much energy. Five years ago he had gone to a small farm.

The CHAIRMAN. Are you engaged in farming now?

Mr. SLOAN. Yes.

The CHAIRMAN. Give us in a general way a statement as to the condition of the farming interests in this vicinity at the present time, compared with the state of things before the recent difficulties began in the way of depression of labor and business.

Mr. SLOAN. The farmers are in about the condition in which they were when I went into the business five years ago. As a rule, there has been no increase of wealth among them. Those whom the panic found in debt have suffered by the panic; many of them have lost their farms and have gone West; others are still struggling with mortgages that were placed on their farms in better times. Within the last five years I have seen no change to their advantage, except in some few cases.

The CHAIRMAN. As a general rule, are the men who are engaged in agriculture throughout this part of the country in debt?

Mr. SLOAN. The acquaintance which I have with them is comparatively limited, but of the number that I know fully one-fourth of them have their farms mortgaged. In some cases the mortgages are to the present full value of their property.

The CHAIRMAN. Has the depression in the farming industry been very considerable?

Mr. SLOAN. It certainly has been since the flush times of the war.

The CHAIRMAN. Do you see any marked improvement in the condition of the farmers?

Mr. SLOAN. There are no signs of improvement in the condition of the small farmers. Farms that are run by machinery and with the labor hired during the seasons when labor is indispensable yield profits, particularly when they are run on special crops—wheat, &c.

The CHAIRMAN. How is it with reference to the prices of farm products—are they on the increase or on the stand-still, or are they retrograding?

Mr. SLOAN. They have decreased within the last five years. The small products that a small farmer sells—the articles on which he relies for his family supplies, such as eggs, butter, chickens, and things of that sort—have decreased considerably in price during the last five years, from year to year.

The CHAIRMAN. What is the wages of farm hands now, by the day or by the month?

Mr. SLOAN. From 75 cents to $1 a day is the price of wages now, or was during the spring.

The CHAIRMAN. The laborer being found?

Mr. SLOAN. Yes; the laborer being found.

The CHAIRMAN. What has been the wages per month?

Mr. SLOAN. From $20 to $22 a month regularly.

The CHAIRMAN. During what year have the wages been at that price?

Mr. SLOAN. They are at that price this year and were last year. Before that the wages were from $24 to $26 a month, and four years ago they were $30.

The CHAIRMAN. Do we understand you to say that the price of farm labor is decreasing?

Mr. SLOAN. I say that the present price of farm labor is lower than it was two or three years ago.

The CHAIRMAN. Is there a great demand in the agricultural districts, or is the labor market overstocked?

Mr. SLOAN. I cannot regard it as overstocked in my immediate neighborhood, because there is no surplus labor there. The tramp laws have driven away all men who look as if they wanted to work and as if they were destitute of means to pay for their lodging. That class supplies the surplus labor used by the farmers occasionally in cases of emergency, but that class has been driven away, and the farmer only does now such work as he could do himself with the assistance that he can get from his neighbors.

Mr. DICKEY. What has been the character of the legislation in this State on that subject?

Mr. SLOAN. I am talking about the State of Wisconsin where I live, 30 miles north from here. It is made a criminal offense (except in the case of women and boys under a certain age) for any person to ask for food at a dwelling, and it is punishable by commitment for vagrancy on the complaint of the party who is asked for food, or of the officer who may have a knowledge of it.

Mr. DICKEY. For what term is the imprisonment?

Mr. SLOAN. From 10 to 30 days, I believe, and perhaps longer in cases of confirmed vagrancy.

Mr. DICKEY. Do you mean for simply asking for food?

Mr. SLOAN. That I understand to be the law.

The CHAIRMAN. That does not apply to the resident population of a district, but to persons who are traveling around without any destination and who come under the definition of tramps?

Mr. SLOAN. Yes. Since I went on a farm the country has been flooded with people, three-fourths of whom were willing to work. I have been shocked to see them—sometimes men of education and men who had good trades, men whose hands were hard with labor and whose faces were intelligent. But since the enactment of that law these people have left that State. Formerly I have seen from six to ten of them every day for weeks on the high road and on the railroad between Milwaukee and Chicago seeking employment and glad to get it at any price. I have hired during that time at least 50 men off the road. There is a prejudice among the farmers against that class—a prejudice created by the newspapers—the farmers not having sense enough to look at a man's hands, and to see that three-fourths of them were really working men out of employment.

The CHAIRMAN. What time do you fix this at as a common thing in your vicinity?

Mr. SLOAN. During the five years that I have been there, up to the passage of this law. I was informed by an attorney in Racine that the

former sheriff drew from the county, either in one year or in his term of office (I forget which), $12,000 for provisions furnished to tramps under a former law. I prefer to suppose that it was during the term of the sheriff's office.

The CHAIRMAN. Since the passage of this law making it a punishment for that class of people to be found asking for food, has the class disappeared entirely?

Mr. SLOAN. It has. It was in conversation about these people that the attorney told me that the present sheriff was making no money in his office comparatively to his predecessor, it being the privilege of the sheriffs in Wisconsin to receive from the State either $3 or $3.50 per week for boarding vagrants, and it being the interest of the sheriff to board them, as he can do so for 50 cents a week.

The CHAIRMAN. Do you have convict labor in Wisconsin?

Mr. SLOAN. Yes, I believe, in the penitentiary. My business is here in Chicago, and I have only current knowledge of things in the State of Wisconsin, although my farm is there. My principal business, however, is here in Chicago.

The CHAIRMAN. Under the laws of Wisconsin, are the prisoners farmed out in different occupations as is the case in some of the other States, and does their labor come in competition with the free labor of the State?

Mr. SLOAN. I am not sure about that, but I think not.

The CHAIRMAN. With reference to labor-saving machinery, what effect, in your judgment, has that upon labor?

Mr. SLOAN. It ought to have a beneficial effect upon labor.

The CHAIRMAN. In what way?

Mr. SLOAN. Labor-saving machinery creates more labor and reduces the cost of the article in the production of which it is used; and in both these respects it is a benefit to labor. If it comes in competition with the laborer himself, it calls for more skill in its use. The reaper calls for more skill than the cradle, just as the cradle calls for more skill than the sickle, and the demand for more skill secures higher wages.

The CHAIRMAN. Then you think that labor-saving machinery is rather a benefit than an injury to the laboring man?

Mr. SLOAN. I say that labor-saving machinery is certainly capable of conferring the highest benefits on labor, provided that the capital represented by labor is met on fair terms by the capital represented by machinery. Machinery raises the wages of the men who operate it. It increases the area on which agricultural products can be raised, and in doing so it affords employment to more men, both in making the machinery and in the skillful use of it, than would have been employed before. A man with a machine can do as much work in reaping as eight or ten men without it. Then the farmer who has a reaper (the area of land in the country being still practically unlimited), seeks more land, puts in more crops, and hires more men to put in the crop and to do necessary work. So, although in the mere act of reaping there are fewer men employed, there is a greater number of men employed in the preparation of the land, and this increased number, added to the number employed in the manufacture of the machinery, and considering the higher wages that their skill commands, makes machinery a benefit to labor.

Mr. DICKEY. Do you mean that there are more acres of land tilled now in proportion to the population of the country than there were tilled before the invention of agricultural machinery?

Mr. SLOAN. I am not prepared to say that there are.

Mr. DICKEY. Then your argument is a failure?

Mr. SLOAN. I did not produce it as an argument, but as a fact.

Mr. DICKEY. If it is true, as you state, that machinery increases the demand for labor, there must be more acres tilled in proportion to the population than there were before the invention of machinery.

Mr. SLOAN. I did not state there were or that there were not. I am not prepared to say, but it is presumable that there are more acres tilled in proportion to the population. There are certainly more acres tilled in proportion to the farming population. There is no question of that, because with a sulky-cultivator one man can cultivate three times as much corn as with a cultivator that he walks before; and he could cultivate with one that he walks before ten times as much as he could with a hoe.

The CHAIRMAN. Does not that dispense with ten men?

Mr. SLOAN. I do not see that it does, because there are other men needed to put in the crop.

The CHAIRMAN. Let me turn your attention to the price of corn and wheat—staples of Wisconsin. How are the prices to-day compared with the average prices for the last six or seven years?

Mr. SLOAN. I have not followed the market with sufficient closeness to enable me to answer your question with certainty, but I know that the price of wheat is lower to-day than it was two years ago.

The CHAIRMAN. What is the price of wheat there to-day?

Mr. SLOAN. From 70 cents to 80 cents a bushel.

The CHAIRMAN. What is the price of corn?

Mr. SLOAN. Last year corn was from 15 to 25 cents a bushel. Some of the corn last year was not good, and 25 cents was a good price.

The CHAIRMAN. How was it with oats?

Mr. SLOAN. Oats were 22 cents a bushel last year.

The CHAIRMAN. Is that a good average price?

Mr. SLOAN. No, sir. Two years before that oats were worth 30 and 35 cents a bushel, and wheat was worth $1.25.

The CHAIRMAN. Then the times are not mending in regard to the prices of cereals?

Mr. SLOAN. Not yet. If the times have mended in Chicago, the movement has not yet reached us.

The CHAIRMAN. Do you have money enough up there to get along with your business affairs?

Mr. SLOAN. I do not think we have. The rate of interest on mortgages on good improved property is 8 per cent. Such security is as safe as United States bonds, as the mortgages provide that the expense of collection shall be paid by the borrower, and as the property is always estimated on a low valuation.

The CHAIRMAN. What is the legal rate of interest in Wisconsin?

Mr. SLOAN. Eight per cent.; and 10 per cent. is allowable.

The CHAIRMAN. Are the farmers generally in a prosperous condition?

Mr. SLOAN. It is with the farmers there as it is in other places. The energetic and industrious men who have labor in their own families and who are successful in special crops (such as strawberries, for instance), lay by something, but the ordinary farmer, who raises the ordinary cereals, and who does not raise special crops, is stationary—is not progressing.

The CHAIRMAN. As a general rule, are the farmers there free from debt, or is their property encumbered with mortgages?

Mr. SLOAN. A great number of mortgages on farm property are on record.

The CHAIRMAN. What was the cause of these mortgage debts? Are the mortgages for the purchase money of the farms or are they for money borrowed for speculative purposes?

Mr. SLOAN. In the flush times men bought land on the supposition that, with a few years' average crops, they could pay off the indebtedness. This was the reason that induced most of them to purchase land.

The CHAIRMAN. Then the debt has been created merely with a desire to add a number of acres to the land already possessed by the farmer?

Mr. SLOAN. The debt has been created with the intention on the part of the farmer of getting along in the world and acquiring more wealth.

Mr. DICKEY. Do you consider that there is now a depression in labor and in the business interests of the country?

Mr. SLOAN. I have been familiar with Chicago for 15 years. I have been over it in daylight and at night, and I know it thoroughly. The parks themselves will give any man an answer to the question whether there is a surplus of unemployed labor here. The parks are full of idle men to-day. Up to four years ago such a state of things was very rare in Chicago. All the people were employed, but now you find on the corners of the streets here, and hanging around the railings that surround the entrance to the business places, crowds of idle men during working hours.

Mr. DICKEY. Are these mere idlers who do not want to work, or are they men who would work if they could get work to do?

Mr. SLOAN. When I look at them I see on their faces and on their hands traces of a life of work, and I know that they are workingmen.

Mr. O'CONNOR. Were any of those signs of depression visible prior to the 1st of January, 1875?

Mr. SLOAN. Very little of them. There were idlers then such as you will see in Clark street and in Exchange alley. There are always such idlers in town.

Mr. DICKEY. There being this depression of labor, give us your opinion as to the cause of it and as to the remedy for it.

Mr. SLOAN. The cause of the present depression in labor, or of the lack of employment, is what the commercial world calls a panic, which occurred in 1873, the effects of which the country has been struggling to get rid of. A panic is a thing that is a natural production periodically, and its causes are easily ascertainable. But they are like the famous egg of Columbus. The wiseacres could not make it stand on end until Columbus showed them how—by cracking the end of it. Taking the condition of things as they are now—property being at a very low valuation measured by the currency of the country—I should say that we are at the bottom of the ladder.

The value of labor, the value of products, the value of manufactures of all kinds in a country, is necessarily governed, in every country, by the amount of the circulating medium used to deal in them. What you call a dollar, when you have $700,000,000 in circulation, is, when you have $1,700,000,000 in circulation, naturally equal to two dollars, because the increased circulation swells the value of all the property of the country that is dealt in by that medium of exchange. Now, being at the base (precisely at the lowest ebb), we have doubtless commenced to advance. In that advance, as money is loaned on securities, at the end of the year an amount of credit-wealth is created by the interest

which is produced; so that, this year, if you have a hundred cents for your dollar, the next year you have 108 cents, and the next year you have 116 cents (the interest being at eight per cent.). The money, whether it lies in the vaults of the banker or is lent on bond and mortgage, is practically part of the currency of the country; and every year the amount that you add to it by interest increases the relative values of the land and property which are measured by it. That is credit-wealth. In course of time the products of labor, of agriculture, and of manufactures find the accretion of interest too great for them to support; so that, in some ten or fifteen years, as the case may be (according to the rate of interest and to the amount of business done), the weight of interest on this credit-wealth absorbs the annual profits of the labor of the country. At those times the lender becomes, instead of a medium for circulating money, an absorber of currency. He throws into the market his bonds, and he calls for what is designated as the legal currency of the country. This withdrawal of currency raises the value of the remaining currency through the necessity of keeping the balance between the currency and all the wealth that is measured by it. And in doing so there is produced what you call a panic. As currency becomes scarce it rises in value, and property of all sorts shrinks. That is a necessary, inevitable condition, beyond anything in the shape of legislation as a remedy, until you have abolished the thing which you call interest.

The CHAIRMAN. Briefly, your theory is that panics are produced by people getting into debt?

Mr. SLOAN. No. When a man gets into debt he proposes to pay the value of the thing. What creates the panic is the increase of what is called credit-wealth. After the war we had a circulation of $1,700,000,000. That was an emission of money which would not necessarily have produced a panic of itself, if the population and the industry of the country had been permitted to grow up until they were prepared to absorb it If it was a redundant circulation at the time the war closed, still all values were measured by it and all dealings were made on the faith of that amount of circulation. It was therefore unjust to change it or reduce it one cent. It would be just as much an injustice to change by a law to-day the value of a dollar which I am under obligation to pay next Saturday. It was just as unfair as it would be to change the length of a yard-stick by which goods are measured after my making a contract to deliver so many yards. In the one case you enhance the value of the dollar, and in the other case you lengthen the yard stick.

The CHAIRMAN. State what, in your judgment, is the remedy to be provided.

Mr. SLOAN. The thing remedies itself in time. We are emerging from the lowest period of depression and are entering a career of prosperity; that is, we are increasing annually our credit wealth. If we can reach a point where that wealth is exactly equal to the necessities of society, and if we can keep values at a dead level, then we shall have accomplished the result, and we shall all be made happy. But the country, growing rapidly, requires for its increasing commerce a continually increasing amount of money, and the two metals that have been selected by the common consent of the world to represent values should be left perfectly free in the hands of those who have them, and there should be free coinage of both metals to any extent which the laws of trade require, or which the interests of the people demand. Money is like the ocean: any legislation which attempts to control it is futile.

Its value is not determined in any one country, but is determined by the common consent of the world at large.

Mr. DICKEY. Your idea is this: That the government finding the people (at the close of the war or a very short time afterwards) with a large volume of currency, and largely in debt, committed a great wrong in permitting that currency to be contracted and thus reducing the value of commodities?

Mr. SLOAN. I say that it was suicidal, because the prosperity of the country demands a proper distribution of the wealth of the country.

Mr. DICKEY. Then the present depression in labor and in industry is the result of bad legislation at the close of the war?

Mr. SLOAN. Yes, sir, and because that legislation tended to an aggregation of wealth in the hands of the few.

Mr. SHERWIN. But you think that if the credit wealth of the country be increased, everything is lovely?

Mr. SLOAN. Everything is lovely until the panic comes.

Mr. SHERWIN. Then all must be creditors?

Mr. SLOAN. Not at all. As the amount of currency in the country and as the amount of credit wealth in the country increases, it creates an increased demand for products. It creates a general average increase of wealth. That average increase goes on. Every man gathers more and more until the panic comes, and then a few come in and reap the harvest.

Mr. SHERWIN. What is credit wealth?

Mr. SLOAN. Any value created by law which is not an intrinsic value.

Mr. SHERWIN. Then it is a debt which somebody owes to another?

Mr. SLOAN. Yes; it is a debt which government owes to its people, or which the people owe on bond and mortgage.

Mr. SHERWIN. That is not wealth at all, is it?

Mr. SLOAN. We have called it wealth. We make it wealth.

Mr. O'CONNOR. What is the relative proportion between the number of unemployed laborers in the city of Chicago at the present time and the number on the 1st of January, 1875?

Mr. SLOAN. I have no means of judging except by my eyes. By my eyes I should say that there are at least 10 or 15 men unemployed today in Chicago to the one who was unemployed then.

Mr. O'CONNOR. If the industrial affairs of the city were as progressive as they were in 1875, would there be such a number of unemployed laborers?

Mr. SLOAN. No, sir.

Mr. O'CONNOR. Therefore the cause of the large increase in the number of unemployed laborers in this city is the stagnation of business?

Mr. SLOAN. It is owing to legislation compelling men to do with $1 what they had agreed to do with $2.

Mr. O'CONNOR. And that has caused a stagnation or depression in business?

Mr. SLOAN. Yes. Of course men have called on all their resources to meet their obligations, which have been doubled by law.

Mr. O'CONNOR. Have there been many men of enterprise and energy who were wealthy in 1875, and who have been since reduced to poverty, in the city of Chicago?

Mr. SLOAN. Yes; especially men having property in real estate.

Mr. O'CONNOR. The shrinkage has been more apparent in real estate property than in any other sort of property?

Mr. SLOAN. It seems so to me.

Mr. O'CONNOR. Was there a higher fever of speculation in real estate here than there was in any other line of business?

Mr. SLOAN. Everything was supposed to be at its fair value. A lot in a suburban town was held at as fair a value as a pair of shoes or a pound of coffee. There was a continuous demand for lots. There was a prospect for selling lots at retail prices, and parties invested on a value which was apparently as fixed and immutable as the value of a pair of shoes or a pound of coffee. The suburban lots which in 1874–'75 were sold at from $1,300 to $1,700 per acre, now go back in the market for $300 an acre, and do not find a purchaser.

Mr. O'CONNOR. Is it as easy for a man of enterprise and energy to borrow money to-day in the city of Chicago as it was prior to the 1st of January, 1875?

Mr. SLOAN. I have not had any experience lately in that direction, but from what I hear there is nothing that goes now except gilt edged property or collaterals, or something that is worth more in the market than the amount borrowed on it.

Mr. O'CONNOR. Then the great bulk of the loans are made on United States bonds as collateral?

Mr. SLOAN. Yes.

Mr. O'CONNOR. The tendency of lenders has been, if possible, to obtain that security first in preference to anything else?

Mr. SLOAN. Certainly.

Mr. O'CONNOR. And in the way of getting loans, all other classes of security have been generally ruled out or their consideration has been lessened?

Mr. SLOAN. It is practically impossible in Chicago to-day, unless under exceptional circumstances, to negotiate a loan for any reasonable proportion of value on suburban property or on unimproved property of any description. The lender requires property that is being rented, so that in case he is compelled to fall back upon the property, he can have his money secured. It was customary in Chicago for a man who had a $5,000 lot to borrow $5,000 upon the strength of his property, and build a house with that amount of money. Then the lender had $5,000 in the property and the owner had $5,000, so that they were practically partners in it—one, however, a sleeping partner and the other an active one. The active one went to work and put up the building. Then this legislation came along and destroyed the value of the property, and the result has been that the mortgage has been foreclosed and the property sold for $5,000, so that the borrower has lost his full $5,000, and the lender has the house and property that are worth $5,000. If the lender sees proper to throw that property in the market and to sell it for $5,000, he can buy with the money as much wheat or coffee or boots as he could have bought five years ago with $10,000. Therefore, practically he has doubled his money, while the other man has lost his altogether.

Mr. O'CONNOR. What is the proportion between the debtor class and the creditor class in the community? In what relation do they stand to each other as to numbers?

Mr. SLOAN. My knowledge is not very extensive on that point. After the fire the debtor class was largely increased. There was a great deal of capital brought in here after the fire. All the building that was done after the fire was done through insurance money (which was but a small fraction of the actual loss) or through loans borrowed on the lots.

Mr. O'CONNOR. The debtor class throughout the country at large is much more numerous, is it not, than the creditor class?

Mr. SLOAN. So far as my knowledge goes, that is the case.

Mr. O'CONNOR. And (to reduce your testimony to a practical point) your conclusion is that the retirement and contraction of the currency has been the cause of the shrinkage in values and of the overthrow of the vast debtor class throughout the country?

Mr. SLOAN. The contraction of the currency was the direct cause of the panic, although it was not felt for a year or two after the passage of the law. That was simply because the machinery was in full motion and the fly-wheel did not stop for a year or two. The machinery went on whirling after the motive power had been withdrawn. The panic would have come anyhow. I certainly agree with other gentlemen on that point. Ultimately speculation would have swelled by interest the volume of currency in the country to such an extent that labor could not meet it. The shrinkage of the currency produces precisely the same effect as increasing the volume of products.

Mr. SHERWIN. How much of a farm have you?

Mr. SLOAN. I have a small farm of some 60 acres.

Mr. SHERWIN. Do you farm it yourself?

Mr. SLOAN. Yes.

Mr. SHERWIN. You say that it is not profitable?

Mr. SLOAN. It has not been for the last three or four years. I only know three or four farmers who have made their expenses.

Mr. SHERWIN. How much did a farm hand get in 1850?

Mr. SLOAN. From 50 to 75 cents a day, and about from $12 to $15 a month.

Mr. SHERWIN. Is it not a fact that good men could be obtained to work on farms at that time at from $8 to $12 a month?

Mr. SLOAN. I do not recollect anybody being hired on my father's farm at less than from $12 to $16 a month. There may have been a local reason for that.

Mr. SHERWIN. And now you say that the wages are from $20 to $22 a month?

Mr. SLOAN. Yes.

Mr. SHERWIN. Is it not a fact that as a rule the farmers throughout the west are in a good condition financially? Are not their farms and fences and stock in good condition; and do they not live well?

Mr. SLOAN. Not as a rule.

Mr. SHERWIN. How frequent is your intercourse with farmers?

Mr. SLOAN. I have daily intercourse with them.

Mr. SHERWIN. How large a circle of acquaintance have you with farmers?

Mr. SLOAN. I do not know very many. I know those in my own neighborhood.

Mr. SHERWIN. Are they all strawberry raisers?

Mr. SLOAN. No; there are in my neighborhood as good farmers as there are anywhere.

Mr. SHERWIN. How do you know that there are fifteen men unemployed now to the one that was unemployed some years ago?

Mr. SLOAN. I know it by my eyes.

Mr. SHERWIN. Where will you go for your statistics on that point?

Mr. SLOAN. I told you that I did not go by statistics. I told you that I was familiar with the city, and that whereas in former times there were few idle men in the parks, there are now a great many idle men.

Mr. SHERWIN. Suppose you go up Dearborn street half a mile, how many idle men do you meet?

Mr. SLOAN. I cannot say. You will not find as many on Dearborn street as you will on Clark street.

Mr. SHERWIN. How do you make up your judgment as to there being fifteen men unemployed now to the one man who used to be unemployed?

Mr. SLOAN. My knowledge is based on what I see on the street corners around here. I see idle men in the streets during hours when they should not be at liberty.

Mr. SHERWIN. Do you find them on Lake street or Randolph street?

Mr. SLOAN. Not so many.

Mr. SHERWIN. You will always find such men in large cities—loafers.

Mr. SLOAN. These are not all loafers. I can tell working men from loafers.

Mr. SHERWIN. Have you been to the rolling mills here near the city, recently?

Mr. SLOAN. I have not.

Mr. SHERWIN. You do not know whether they are employing all the laborers they can get?

Mr. SLOAN. I do not.

Mr. SHERWIN. If it should turn out that these mills cannot get labor enough to run them, would not that be an indication that labor is scarce?

Mr. SLOAN. It would be an indication that the labor which they want is scarce.

Mr. SHERWIN. Did you ever hear of labor strikes when labor was scarce?

Mr. SLOAN. That is the time that laborers are apt to strike.

Mr. SHERWIN. There have been several strikes here in the city lately, have there not?

Mr. SLOAN. Yes; but not strikes of the sort you talk of. These strikes are the strikes of theorists.

Mr. SHERWIN. There were strikes at East Saint Louis recently, were there not?

Mr. SLOAN. I am not acquainted with the proceedings there.

Mr. SHERWIN. Would not such strikes indicate that there is not a very large surplus of idle labor there?

Mr. SLOAN. No; they would simply indicate that the laborers supposed they were so skillful that the companies employing them would be unwilling to part with them.

Mr. SHERWIN. Is a man who loads and unloads grain a skilled laborer?

Mr. SLOAN. I should say he was; I should say that any man engaged in any business knows it better than a raw hand can know it.

Mr. SHERWIN. Then, inasmuch as this depression in labor and business has been brought about by the contraction of the currency, your idea of remedy would be an inflation of the currency?

Mr. SLOAN. No, sir; the evil has been already inflicted, and it is too late to cure it. You cannot revive a corpse although you may galvanize it.

Mr. SHERWIN. Do you know what the circulation of the country was in 1873?

Mr. SLOAN. I know that in 1864–'65, it was seventeen hundred millions.

Mr. SHERWIN. When was the contraction law passed?

Mr. SLOAN. I do not recollect.

Mr. SHERWIN. Did that seventeen hundred millions consist of greenbacks and national-bank notes?

Mr. SLOAN. It consisted of demand notes, Treasury notes, legal tenders, &c.

Mr. SHERWIN. What proportion of the amount was in legal-tender notes?

Mr. SLOAN. Some four hundred millions.

Mr. SHERWIN. How much of that is in circulation now?

Mr. SLOAN. Something like three hundred and fifty millions.

Mr. SHERWIN. Then they have not been contracted very much?

Mr. SLOAN. No; they have not been contracted very much.

Mr. SHERWIN. Do you know whether they were contracted at all in 1873?

MR. SLOAN. I think they were a little.

Mr. SHERWIN. Do you know whether national-bank notes were contracted in 1873?

Mr. SLOAN. I have no recollection of that; I think that their volume was about equal to the volume of legal-tender notes.

Mr. SHERWIN. Then your opinion is not founded on an accurate knowledge of what the circulation consisted of?

Mr. SLOAN. It is founded more on scientific deduction from what occurred before.

Mr. SHERWIN. And it is the same in the case of unemployed laborers here; that is deduction also?

Mr. SLOAN. No; I have stated that as a fact.

Mr. SHERWIN. How do you get at the fact?

Mr. SLOAN. From inspection.

Mr. SHERWIN. Have you been about the city for that purpose?

Mr. SLOAN. No; but I have my eyes open when I do go about the city.

Mr. SHERWIN. Did you ever lend any money on a farm?

Mr. SLOAN. Perhaps I did have a mortgage or two on farms.

Mr. SHERWIN. Did you lend your own money or other people's money?

Mr. SLOAN. My own, generally.

Mr. SHERWIN. Were you fortunate in your loans?

Mr. SLOAN. No.

Mr. SHERWIN. Were you unfortunate?

Mr. SLOAN. Yes.

Mr. SHERWIN. Do you think that it is the duty of the government to legislate for the purpose of helping men who have been unfortunate in their business?

Mr. SLOAN. No; I think that it is the duty of the government not to legislate at all about such matters; I think that money is a universal matter, and that legislation about it is an injury.

Mr. SHERWIN. Your remedy would be to leave things about as they are?

Mr. SLOAN. I would be in favor of unlimited silver coinage.

Mr. SHERWIN. You stated that the value of this suburban property was stable?

Mr. SLOAN. It was considered to be stable.

Mr. SHERWIN. How is it with the property in Calumet swamps which was held at $1,000 an acre?

Mr. SLOAN. The worth of a thing is what it will bring. There were men who made loans on that property.

Mr. SHERWIN. And these were the men who got burned?

Mr. SLOAN. They got burned all over.

Mr. SHERWIN. Did you place loans on that kind of property?

Mr. SLOAN. I do not know that I did, but none of us regarded those loans as more risky than other loans.

Mr. SHERWIN. Was it not against common sense to lay out lots on these swamps and to sell them by the front foot?

Mr. SLOAN. It requires a man to be here for some time to realize whether it was sensible or not.

Mr. SHERWIN. Supposing a man in 1860 had lent $1,000 for five years, how much money would he get back?

Mr. SLOAN. He would get back the principal and about sixty cents on the dollar in interest.

Mr. SHERWIN. Did the men who lost money in this way complain much of it?

Mr. SLOAN. Not at all.

Mr. SHERWIN. The war brought on a bonded debt and an irredeemable paper currency, and produced speculation and panics?

Mr. SLOAN. Yes. That was a part of the losses that the rebellion brought about.

Mr. MARTIN. These unemployed laborers on the streets that you speak of, can you state as a fact that they seek employment and cannot get it?

Mr. SLOAN. I state as a fact, from the appearance of the men, that they are working men.

Mr. MARTIN. Do you state that they have sought employment and cannot get it?

Mr. SLOAN. I do not state that as a fact.

Mr. MARTIN. You only state as a fact that you see parties on the streets and in the parks whom you judge to be laboring men. You do not know whether they have sought employment, but you consider them laboring men who are unemployed?

Mr. SLOAN. Yes.

Mr. MARTIN. Would you increase the volume of the currency?

Mr. SLOAN. That would be legislation in the interest of debtors as against the interest of creditors.

Mr. MARTIN. If you had it in your power, would you, in the interest of the whole country, increase the volume of currency to-day?

Mr. SLOAN. In the interest of the whole country, I should certainly legislate for the debtor class, because that class predominates.

Mr. MARTIN. Then you would increase the volume of currency?

Mr. SLOAN. I would make it easier for debtors to carry their burdens; and if increasing the volume of currency would do that I would increase it; but I believe that it would be unsound legislation.

Mr. MARTIN. How much would you increase it?

Mr. SLOAN. I do not know how much. I would take from the creditor class every dollar that you had given to that class and had imposed on the debtor class. Every dollar that you would add to the value of everything would be practically so much taken from the creditor class. I do not know how much I would take from the creditors and give to the debtors, but I think, at a rough estimate, that by the war the creditor class was deprived of at least 50 per cent. of the value of their bonds and mortgages, and that since the war they had been recouped by contraction legislation. I think we ought to have two or three times as large a circulating medium as England or France, because any American who has been in those counties knows that three or four times as much money is used here as is used there.

Mr. MARTIN. What is the amount of our circulation per capita?

Mr. SLOAN. About $16.

Mr. MARTIN. How much would you have it?

Mr. SLOAN. I think it should not be less than $50.

Mr. MARTIN. Then you would increase the circulation threefold?

Mr. SLOAN. I would make it so that it would be able to do the business of the country.

Mr. MARTIN. If the circulation were to be increased threefold, would that fact make you a dollar richer unless you had something with which to get some of this money?

Mr. SLOAN. Not one cent.

Mr. MARTIN. So that the increase of the circulation would be of no benefit to anybody unless he had something to sell?

Mr. SLOAN. It would be of no benefit to anybody who could not get it.

Mr. MARTIN. If the circulation were increased and if you had nothing to sell, the increase would be practically of no benefit to you?

Mr. SLOAN. It would not make a particle of difference to me, except that it would give an impetus to labor, and I would be sure to get employment at higher wages.

Mr. MARTIN. I understand you to say that the panic of 1873 would have come anyhow?

Mr. SLOAN. Yes.

Mr. MARTIN. On account of natural causes?

Mr. SLOAN. Yes.

Mr. MARTIN. Then the contraction of the currency was not the cause of it?

Mr. SLOAN. It precipitated it. It did in a moment by legislation what natural causes would have done ultimately.

Mr. MARTIN. The panic would have come whether there was contraction or not?

Mr. SLOAN. Certainly.

Mr. MARTIN. When did the panic come?

Mr. SLOAN. 1873.

Mr. MARTIN. If the circulation that we had in 1871, '72 and '73 had been continued, we would still have had the panic?

Mr. SLOAN. We would have had it anyhow.

Mr. MARTIN. Therefore the contraction of the currency simply precipitated the panic?

Mr. SLOAN. Yes, and it intensified it.

Mr. MARTIN. You say that the improvement in machinery has been a benefit to the farming interest?

Mr. SLOAN. Decidedly.

Mr. MARTIN. How many acres can a man plow with a sulky plow?

Mr. SLOAN. Four or five acres a day.

Mr. MARTIN. How many acres could he plow with his horse and plow?

Mr. SLOAN. Three acres, but he can do the work with a sulky plow a great deal more easily.

Mr. MARTIN. Does not the use of improved machinery throw out of employment a great number of laborers?

Mr. SLOAN. Not at all. Land is too cheap in this country for such an effect to be produced.

Mr. MARTIN. If, by the use of machinery, one man can do the work of ten men, are not nine men thrown out of employment thereby?

Mr. SLOAN. Not at all, because what it takes one man to reap with improved machinery it took ten men to sow, and certainly half the work of farming is in the preparation of the ground.

Mr. MARTIN. Then your doctrine is that improved machinery is actually beneficial to the farmer?

Mr. SLOAN. Yes; it enables him to do more work at less expense.

Mr. MARTIN. But the greater number of hands that the farmer is enabled to dispense with are thrown out of employment?

Mr. SLOAN. Yes, so far as that goes, but the very facility which machinery gives to agricultural pursuits develops the territory to such an extent that the laborer finds employment elsewhere?

Mr. MARTIN. These farm mortgages that you speak of; are any of them created for supplies to raise the crops with?

Mr. SLOAN. In some cases they are; in the cases of very small lots.

Mr. MARTIN. Do the farmers produce enough to pay off these mortgages?

Mr. SLOAN. If that is all that the mortgage is for, it is generally paid.

Views of Mr. Charles Randolph.

Mr. CHARLES RANDOLPH appeared before the committee in response to its invitation. He stated in reply to preliminary questions that he has been a resident of Chicago since 1851; that he is secretary of the board of trade, and that he has held that position for ten or eleven years.

The CHAIRMAN. Being in that position and having a knowledge of the trade of the city, state in general terms what is the condition of trade and business in this city compared with its average condition within the last seven years?

Mr. RANDOLPH. From my own observation and from what I hear from gentlemen who are more familiar with details than I can be, there is no question in my mind but that the general business of this city has been steadily improving since the fire in 1871. I speak of the mercantile business of the city. After the panic of 1873, there was a continuous decline in values in realty in this city, as there was everywhere else. It did not all culminate in one day or in one month, but the decline continued for several years. The panic did not squeeze all the water out of it at once. But every indication seems to point now to the fact that the values of real estate are rather on the rise, except as to a large amount of property around the city, which is purely speculative, for which there is no use now, and will not be for a generation, either for business or residence purposes. There is no recuperation in that kind of property, and will not be for a long time. But the mercantile business of the city is certainly improving in volume and in its remunerative results to the merchant.

The CHAIRMAN. How is it with other branches of trade?

Mr. RANDOLPH. The manufacturing interests, I understand, are working on a small margin, but they are busily employed pretty generally throughout the city. Perhaps there are more manufacturing industries in actual operation to-day than there ever were before in this city.

The CHAIRMAN. And how is it with regard to other branches of industry; stock, grain, &c.?

Mr. RANDOLPH. The trade in agricultural products has been increasing very largely. Our trade last year was very much in excess in point of volume to what it was before. Our trade in agricultural products (grain and stock) is about the same this year as it was last year. This indicates a general improvement, for the reason that in a large portion of the Territory, directly tributary to this city, there was a very short crop last year, and still even with that the business of this year is as large, or perhaps a trifle larger, than the business of last year. The wheat crop of Minnesota and Iowa, which is largely marketed here, was small last year.

The CHAIRMAN. Do we understand you to give it as your opinion, that from 1873 up to the present time there has been a steady, continuous improvement in these branches of trade?

Mr. RANDOLPH. No, sir; I mean to say that in dry goods, groceries, hardware, iron, and such articles, the volume of the business has been increasing year by year. I do not think it has been increasing in value (although some claim that it has been increasing even in value,) because it would require a very large increase in volume to keep up an equal amount in value. In agricultural products, the business has been steadily increasing, with one or two exceptions, where there has been short crops. In manufacturing industries, however, there has not been a steady increase. It is only, perhaps, within the last two years that they have begun to get more fully employed.

The CHAIRMAN. Has this city been an exception to the rest of the country and to the world in regard to success in business?

Mr. RANDOLPH. In a general way I think it has been.

The CHAIRMAN. For the better?

Mr. RANDOLPH. I think very emphatically that the Northwest and the portion of country depending on the Northwest are altogether in better shape than any other part of the country.

The CHAIRMAN. You have not been subject to the paralysis which the Eastern States have gone through?

Mr. RANDOLPH. To some extent, of course, we have been. One individual may have lost all the wealth he had when he thought he was very wealthy, but still the wheels of trade have moved along.

The CHAIRMAN. In the anthracite coal trade, in my district. there has been absolute prostration, and many of the prominent men in it have gone into bankruptcy.

Mr. RANDOLPH. It has been so to some extent here, but I had the idea that the production of anthracite coal has increased very much.

The CHAIRMAN. What is the average shrinkage in the value of real estate in this city, comparing the present time with an average of five years back?

Mr. RANDOLPH. It would be but a guess on my part, but I should say that the shrinkage between 1873 and to day would be from forty to fifty per cent.

The CHAIRMAN. To what cause do you attribute the shrinkage of value in real estate?

Mr. RANDOLPH. Partly to the fact that real estate was grossly inflated before, and that it has been undergoing the influence of that distrust which attaches to all property more or less since the panic. A good deal of the property in the city has declined very much more than that, and other property has declined less, but all of it is affected more or less by distrust, by lack of disposition to invest, and by the uncertainty which has prevailed from 1873 till now. And, as I said before, a good deal of it was of no value for business or residence purposes, and will not be for generations to come.

The CHAIRMAN. Was there anything growing out of the depression of business that produced a depression in the value of real estate?

Mr. RANDOLPH. To some extent. Of course merchants have been obliged to do business on a less margin of profit, and cannot pay so much rent either for their stores or their dwelling-houses. That of course caused a reduction of revenue in such classes of property, and as the value of property is of course estimated by the revenue which it will produce, its price has fallen accordingly.

The CHAIRMAN. Mr. Gage has stated that within the last twelve or

eighteen months there have been manifest evidences of improvement both in business and in the increase of values. What is your judgment about that?

Mr. RANDOLPH. My judgment is, as I said before, that within a year or two past almost all interests have materially advanced and improved in this city, especially the manufacturing interest. Before that labor was abundant, and a large number of people were unable to get employment of any kind. I do not find that that is the case now.

The CHAIRMAN. What is the rate of taxation of real estate in this city?

Mr. RANDOLPH. I think it is about 6 per cent. on the assessed valuation.

The CHAIRMAN. At what rate is property assessed in this city?

Mr. RANDOLPH. The law requires property to be assessed at its full value, but it is really assessed at from 30 to 50 per cent. of its real value.

The CHAIRMAN. Are we to infer that your rate of taxation on real estate is below 2 per cent. of the actual value of the property?

Mr. RANDOLPH. I think it is. I think that the real estate of this city is assessed at considerably less than one-third of what the owners would be willing to take for the property. Assuming that to be the fact, and that the taxation is 6 per cent. on the assessed value, the taxation on real value would be about 2 per cent.

The CHAIRMAN. What proportion of the real estate of this city has changed hands within the last five years in consequence of tax sales?

Mr. RANDOLPH. The title does not pass with the tax sale. The amount of property that is sold for taxes is very large, but the property is redeemable afterwards; and it has been pretty usual here for persons who are not in a condition to pay their taxes to let their property be sold subject to redemption afterwards. Sales under those circumstances have been very extensive, but the owners have not lost their title.

The CHAIRMAN. Can you give us an approximate estimate of the proportion of real estate in this city that has been sold for taxes?

Mr. RANDOLPH. No, sir; I cannot.

The CHAIRMAN. I remember seeing in the Inter Ocean a big roll of property to be sold for taxes.

Mr. RANDOLPH. Yes, sir; 25 or 30 pages of that paper. But the amount of property advertised for sale is of course much larger than that actually sold. Still, the property that is sold for taxes is very large indeed.

The CHAIRMAN. I am told that the property can be redeemed on the payment of 25 per cent. additional?

Mr. RANDOLPH. I do not know exactly what the costs are. It would depend upon the time within which the property is redeemed. I think that of the taxes of 1873–'74 there is still about a million and a half of dollars due to the city not yet collected.

The CHAIRMAN. I believe that a large portion of the burnt district is covered by mortgage loans?

Mr. RANDOLPH. Yes, a large proportion of it; I do not know how much.

The CHAIRMAN. You cannot give an approximate estimate on that point?

Mr. RANDOLPH. No, sir, neither as to amount nor as to the percentage of lots; but we are very largely indebted.

The CHAIRMAN. Do you mean as a municipal corporation?

Mr. RANDOLPH. No, sir; we are not largely in debt as a municipal corporation. Our municipal debt is only about thirteen millions.

The CHAIRMAN. Large debts were necessarily incurred by individuals in the rebuilding of stores and dwellings in the burnt district?

Mr. RANDOLPH. Very large, and at very extravagant rates. That has been one of the causes of the great suffering (so to speak) of the real-estate owners in this city. To a large extent, the rebuilding which was pushed forward with unexampled rapidity was done at an extravagant rate of expense. People were desirous of getting their property into a position that it would pay them a revenue, and were regardless of cost in building. They were certainly regardless of any close economical figuring in the matter, and were paying sometimes three times as much for the building as it would cost to-day.

The CHAIRMAN. Did a majority of the people who rebuilt borrow the money for rebuilding?

Mr. RANDOLPH. Yes.

The CHAIRMAN. Did that money come from the city?

Mr. RANDOLPH. Some of it came from the city, but most of it came from abroad. A good deal of it had been loaned here before, and it was merely a reloan. The rate of interest was pretty high, and the rate of expenditure in building was frightfully high. Of course this produced a great deal of embarrassment when the shrinkage came, and many people were utterly wrecked by it.

The CHAIRMAN. Taking all your industries into account, do you regard this city as in a sound, healthy, prosperous condition at this time?

Mr. RANDOLPH. The municipality is in a very prosperous condition. As to the mercantile and business men of the city, I think that they are as prosperous as the average of the last several generations. Of course there are exceptions. Some of them are exceptionally prosperous, others the contrary. But they may be said to be in a general condition of prosperity—not such as we had in 1862, '3, '4, and '5.

The CHAIRMAN. You were in the clouds then?

Mr. RANDOLPH. We did not know where we were; whether on foot or on horseback.

The CHAIRMAN. You have had a very general and severe depression here?

Mr. RANDOLPH. Yes.

The CHAIRMAN. What time do you fix as the time of your greatest financial trouble here?

Mr. RANDOLPH. Perhaps during 1873–'4; say the latter part of 1873. It came very suddenly here as everywhere else. Commercial embarrassments were severe at that time. But real estate hardly began to feel it before the latter part of 1874. Owners of real estate did not get a realizing sense of the depression in it until 1874, and that depression continued up to last year before a bottom seemed to be touched.

The CHAIRMAN. Do you date the improvement in the history of this country and municipality from 1874?

Mr. RANDOLPH. As to our municipality there has been no especial change at all, except that during one or two of those years there were necessarily some changes in municipal management, but they did not affect the general result. Commercially, I should say that we did not begin to advance sooner than about 1876. There were two or three years of depression following the panic.

The CHAIRMAN. Since 1876, your advance has been gradual and certain?

Mr. RANDOLPH. I think so.

The CHAIRMAN. And is continuing now?

Mr. RANDOLPH. Yes, sir; I say so most emphatically.

The CHAIRMAN. Do you know anything in regard to the question of labor; whether there is sufficient employment for all who desire to work?

Mr. RANDOLPH. What information I have in that regard would be somewhat general. I should not be wished to be considered an expert in that matter. Of course I have given the subject more or less attention. My general judgment is that in what is ordinarily classed as labor (that is to say, where the people work by the day or or by the week, or by the month) there is no surplus of workers here to-day. In what is sometimes denominated genteel labor, clerkships, &c., where people want to get along doing as little as they can for their living, there is a decided surplus of labor here to-day. My idea is that if an employer wants a large number of men now to engage in the iron business, for instance, he will be at a loss to get them. I am told that that is so. I am told that those wanting to employ a large number of men have advertised for them, and that several days have elapsed before they could get the necessary number.

The CHAIRMAN. Have you any knowledge in regard to the prices of labor here l

Mr. RANDOLPH. Only in a general way. Of course there is a great deal of difference depending on occupations. I was told to-day that in the lumber business where a number of laborers are needed for unloading lumber (a very hard kind of labor) they are paying 30 cents an hour and that they cannot get as many men as they want to get at that price. But that, of course, is transient labor.

The CHAIRMAN. How is the money market here?

Mr. RANDOLPH. We have more money here than we know what to do with.

The CHAIRMAN. More money at what rate?

Mr. RANDOLPH. At about half what it ever was before in this city up to within the last two or three years. You can get money at four and five and six per cent.

The CHAIRMAN. On call?

Mr. RANDOLPH. Not on call; but on short paper. On call you can get it at less.

The CHAIRMAN. The paper must be gilt-edged?

Mr. RANDOLPH. It must be good paper. But in this city there is comparatively little of the large volume of unsecured paper floating around that there is in Eastern cities. A great bulk of the paper offered for discount here is accompanied by collaterals. That makes it a better class of paper, so that lenders do not inquire here so much as they do in the East whether the paper is gilt-edged or not.

The CHAIRMAN. The banks do not, of course, loan on mortgage?

Mr. RANDOLPH. Not as a rule. Sometimes they do, and get caught at it.

The CHAIRMAN. Does not the law prohibit that?

Mr. RANDOLPH. Yes, but banks sometimes get caught with mortgages given as security for bad debts, and they find themselves once in a while loaded up with real-estate security.

Mr. O'CONNOR. So that they are not prevented by the banking law from taking real estate property as security?

Mr. RANDOLPH. They are, but there is no law against their buying in property under execution, and they get it in that way.

The CHAIRMAN. Is there money enough in this city to supply all the demands of the business men engaged in the different branches of trade here?

Mr. RANDOLPH. Undoubtedly there is.

The CHAIRMAN. There is no question about that?

Mr. RANDOLPH. No, sir.

The CHAIRMAN. Has there been for, say, a period of five years?

Mr. RANDOLPH. It has assumed a somewhat different shape within that time. Within the past five years there has been an abundance of money here that can be loaned on something that is convertible. On call loans I think there has been a surplus of money here during the whole five years; but within the last two or three years the general tendency has been to look for something a little more permanent, and now there is a surplus of money here in the banks because people do not find channels in which to invest it.

The CHAIRMAN. If business should increase in this city so as to require double the amount of money that is now required, would there still be money enough here to supply that demand?

Mr. RANDOLPH. That is a question which has such a broad bearing that it is almost impossible for me even to form an estimate. My impression is that we could very easily do double the amount of business that we are now doing if things were on a basis in which the people had confidence without having a dollar more of so-called money. Actual money enters but a very small percentage into the volume of transactions. I know no reason why the volume of productions might not be doubled in the Northwest without a dollar more of so-called money.

The CHAIRMAN. Have the failures among business men been numerous here?

Mr. RANDOLPH. Yes, very large.

The CHAIRMAN. To what cause do you attribute those failures as a general rule?

Mr. RANDOLPH. Taking the failures, and disconnecting them altogether from bankruptcy proceedings, I should say that they were mainly owing to shrinkage in values. There has been in the bankruptcy list a vast number of parties who have been bankrupt for years, and who merely went into bankruptcy in order to wipe out old scores. That ought not to be charged to any recent occurrences. Bankruptcy was the only means that these people had of getting rid of old debts which they never expected to pay. Perhaps more than one-fourth of the bankrupts that have passed through the district court here have been of that character. But there have been a great many current failures from the shrinkage in values. Many men, after the fire, undertook to struggle through, carrying a lot of debt which they believed they could pay, but they failed, and finally they had to go to the wall. There were men who were really bankrupts immediately after the fire, but who did not default for years afterwards.

The CHAIRMAN. Then depression in business had not so much to do with your failures here as shrinkage in values had?

Mr. RANDOLPH. Certainly not.

The CHAIRMAN. Notwithstanding the failures and the bankruptcies, the general current of business went on?

Mr. RANDOLPH. Yes.

Mr. DICKEY. You say that the shrinkage in values was caused by distrust?

Mr. RANDOLPH. Only partially. The prime cause, I should say, was that the price of real estate was entirely too high before. Real estate was inflated. After it went down, there was of course a great deal of distrust in any assumed values that were established afterwards. We were running here for a number of years on a kite-flying arrangement.

Mr. DICKEY. What caused that distrust? Was it produced by local operations in Chicago, or by the action of the government on the financial question?

Mr. RANDOLPH. So far as local affairs are concerned, of course after this decline of nominal values commenced, nobody knew where it was going to stop. We do not know whether it has reached the bottom yet. A good many persons invested in real estate when they thought that they were at the bottom, and then they lost money still. But the uncertainty of everything connected with governmental proceedings in relation to the currency has had the tendency to keep everybody more or less unsettled and undetermined as to what he can do or ought to do.

Mr. DICKEY. Did not the demonetization of silver in this country depreciate real estate here?

Mr. RANDOLPH. Not a particle.

Mr. DICKEY. It did not strike it down?

Mr. RANDOLPH. It did not strike anything down, because at the time of the demonetization of silver there was no silver money in use in the United States.

Mr. DICKEY. Was there no silver money in the United States at that time?

Mr. RANDOLPH. None that was used as money.

Mr. DICKEY. About that time, was there not a large amount of silver coming into the market from the mines?

Mr. RANDOLPH. Yes, just the same as wheat was coming into the market. There was a large amount of silver bullion sold.

Mr. DICKEY. Then you do not think that the demonetization of silver had any effect?

Mr. RANDOLPH. None whatever.

Mr. DICKEY. Did the remonetization of silver have any effect upon the value of real estate?

Mr. RANDOLPH. I think it had. I think that it appreciated real estate and business and helped it.

Mr. DICKEY. You think that this municipality is in a first-class condition?

Mr. RANDOLPH. I do.

Mr. DICKEY. It is in debt about thirteen millions of dollars?

Mr. RANDOLPH. Yes.

Mr. DICKEY. How much is due to it for uncollected taxes?

Mr. RANDOLPH. Over and above the taxes of last year, I think there is about three millions due to it.

Mr. DICKEY. The property on which this tax was levied has been offered for sale, and has failed to procure purchasers. Is that the reason why the taxes are unpaid?

Mr. RANDOLPH. O, no; the property was sold, but tax-sales do not carry titles.

Mr. DICKEY. But when property is sold for taxes, does not the purchaser pay the tax?

Mr. RANDOLPH. Yes, I think so.

Mr. DICKEY. Then why is this large amount of uncollected taxes increasing all the time?

Mr. RANDOLPH. I cannot explain why the money is not in the treasury.

Mr. DICKEY. What class of property is generally sold for taxes?

Mr. RANDOLPH. If I were going to designate the tax-payers by classes I should say that the property that was sold for taxes was gen-

erally the property of the wealthier classes who ought to pay their taxes, and who can do it. I think that that is true as a rule.

Mr. DICKEY. That property is also all mortgaged?

Mr. RANDOLPH. Not necessarily all of it. Some of the wealthiest men in this city have allowed their taxes to go unpaid.

Mr. DICKEY. What is the cost of running this municipal government?

Mr. RANDOLPH. I am not so well posted on that as I should be, but my impression is, taking the city and county together (and they should be considered as a whole), that the cost is somewhere in the neighborhood of from three and a half to four millions of dollars—that is, for current expenses.

Mr. DICKEY. Do you know the number of policemen employed in this city?

Mr. RANDOLPH. No, sir.

Mr. DICKEY. Do you know how they are paid?

Mr. RANDOLPH. They are paid by taxation.

Mr. DICKEY. Does this city issue scrip?

Mr. RANDOLPH. Yes.

Mr. DICKEY. What class of its creditors does it pay in scrip?

Mr. RANDOLPH. Everybody.

Mr. DICKEY. Is that scrip at par, or has it to be shaved?

Mr. RANDOLPH. It has to be shaved because it is not payable for a year. It is shaved probably at about 6 per cent.

Mr. DICKEY. You think that a city is in first-class condition which owes thirteen millions of dollars, which cannot collect its taxes, and which has to issue scrip that is at a discount of 6 per cent.?

Mr. RANDOLPH. I do; but on that statement of course I would say that there was a screw loose somewhere. The constitution of this State prohibits the city from increasing its debt over and above a certain amount. We had exceeded that amount of indebtedness on our very low valuation, and the result was that we can borrow no money on any terms. Everybody knows that the taxes of a city do not come in for at least a year, and as we cannot borrow money, where is the city to get the money to defray its current expenses except by the issue of scrip? If that scrip can be discounted at 6 per cent. per annum, I think it shows a pretty good condition of our treasury. The city, it is true, is in debt thirteen millions of dollars, but Cincinnati, which is not nearly so large, and which has not one-fourth the property to show in proportion to its indebtedness, has a debt of about twenty-two millions. Everybody knows the debt of New York, Brooklyn, Boston, and other great cities. There is not a large city in the country, I imagine, that has as much property in proportion to its debt as Chicago has. I say, therefore, without any fear of successful contradiction, that Chicago is in a good condition financially.

The CHAIRMAN. What is the cost of your water-works here?

Mr. RANDOLPH. I cannot tell you, but it is very large.

Mr. DICKEY. What does the city pay its laborers?

Mr. RANDOLPH. I think a dollar and a half a day.

Mr. DICKEY. And that is paid in scrip?

Mr. RANDOLPH. Yes.

Mr. DICKEY. Do you know what amount of scrip the city has issued?

Mr. RANDOLPH. I should judge about three millions, but that is a guess.

Mr. SHERWIN. Is there any different law in regard to the collection of taxes in Chicago and throughout the State generally?

Mr. RANDOLPH. I think not.

Mr. SHERWIN. If taxes are not paid the land is forfeited, and the tax is carried on to next year's levy?

Mr. RANDOLPH. I believe so. It is held by property owners to be cheaper to let the land go, and to pay the forfeitures on it, than it is to pay the tax at an inconvenience.

Mr. O'CONNOR. When did the shrinkage in real estate set in?

Mr. RANDOLPH. Immediately after the panic of 1873.

Mr. O'CONNOR. When did it culminate?

Mr. RANDOLPH. I should think that, on what may be called outside property, it culminated in 1874–'75. That property was utterly dead. It could not be sold at any price. Perhaps a year later it culminated on the inside property, which had a market value.

Mr. O'CONNOR. Has there been no decline since 1875?

Mr. RANDOLPH. Not on the inside property. As to this outside property, it is hard to tell when the decline began or stopped, because there was nothing doing in it. It was utterly dead. It was all very active up to the time of the panic in 1873, and then nobody would have it at any price.

Mr. SHERWIN. Do you know of any legislation that Congress can enact to affect the relations between this city and its laborers, or to affect the credit of this city?

Mr. RANDOLPH. I think that Congress had better let it alone in regard to these matters.

Views of Mr. Joseph Eastman.

Mr. JOSEPH EASTMAN appeared before the committee at its invitation. In reply to preliminary questions, he stated that he has been a resident of Chicago since 1868, that he is a contractor and builder, and is somewhat interested in real estate.

The CHAIRMAN. Is your business confined to the erection of buildings?

Mr. EASTMAN. My business is in connection with buildings. When I came here I was a journeyman, and then I went into a contract for plastering.

The CHAIRMAN. What is the condition of the building industry now compared with its condition in former times?

Mr. EASTMAN. There have been less permits taken out for buildings this year than in any year for the last five years. The new buildings have been fewer, and they have cost less money.

The CHAIRMAN. How do you account for that?

Mr. EASTMAN. A few years ago there was a great deal of building done in this city. In fact, building was overdone, and consequently rents went down very low, so that it did not pay to put up new buildings.

The CHAIRMAN. Are rents low here now?

Mr. EASTMAN. They have been at about a standstill for the last two years.

The CHAIRMAN. How do the rents now compare with the rents five years ago?

Mr. EASTMAN. Rents now are about half perhaps what they were six years ago. Some rents have been reduced more and some less, but I think that 50 per cent. reduction is an average.

Mr. O'CONNOR. Do you mean on city property as well as on suburban property?

Mr. EASTMAN. I do not know much about suburban property. All the property that I handle is property fit for immediate improvement.

The CHAIRMAN. Have you been contractor for some of the large buildings here?

Mr. EASTMAN. Yes, in the plastering business.

The CHAIRMAN. How many men were generally employed by you in that business?

Mr. EASTMAN. I have employed 200 and 250 men at a time. After I got to buying property and to building on speculation, I let the contracts out, and probably employed over a thousand men. I put in some five hundred thousand dollars' worth of property here two years ago. That was in 1875–'76.

The CHAIRMAN. What has been the price paid for labor in the past year?

Mr. EASTMAN. Wages fluctuate more in the building business than perhaps in any other business. I am particularly acquainted with the plastering business. Men in that business have been paid at one time as high as $5 a day, and at another time as low as $1.75 a day. They are now getting $2.50 and $3 a day. Two years ago they were getting $1.75. They are now on a strike for $3 a day, but it is a question whether they will get it or not. Some employers are paying it, and some are not. Two dollars and a half per day is probably the ruling rate.

The CHAIRMAN. Then there has been an improvement in the price of labor over last year?

Mr. EASTMAN. Carpenters, brick-layers, plasterers, and laborers connected with buildings have had an improvement in the price of wages; but still there is less building done.

The CHAIRMAN. Did you pay your men by the day.

Mr. EASTMAN. Yes.

The CHAIRMAN. Did you have any brick laid by the day?

Mr. EASTMAN. I have let out the bricklaying when I had building to do. I have let it to brick contractors.

The CHAIRMAN. How is the price of building materials, stone, brick, lime, mortar, lumber, &c., now, compared with the average price of six or seven years back?

Mr. EASTMAN. The price is considerably less now than it was six or seven years ago. We used to pay $1.10 and $1.25 per barrel for lime. Now we pay 50 cents, 55 cents, and 60 cents. There is not so much change in the price of stone. What used to cost $10 now costs $6 or $7. Common rough lumber in the yard used to be $14; now it is about $10. There has been a little stiffening of prices within the last two years.

The CHAIRMAN. As a general thing building materials are bringing a better price now than they have done for several years past?

Mr. EASTMAN. Than they did two years ago. Two years ago was our lowest point in building. We could build cheaper two years ago than we can to day. There was a general decline in the price of building ever since the war, until the fire struck the city, and after that time prices went up very rapidly.

The CHAIRMAN. That was a temporary emergency?

Mr. EASTMAN. Yes. From 1872 to 1873 prices began to decline again. There was a gradual decline in prices from 1866–'7 to 1871, both as to wages and everything else. Then wages and building materials rose very rapidly for a year or two after the fire, and from that time until two years ago there was a rapid decline. From two years ago up to the present time there has been a little tendency upwards in prices in the building business.

The CHAIRMAN. Do you pay your laborers weekly?

Mr. EASTMAN. Every two weeks.

The CHAIRMAN. What is the rent of such tenements as laborers occupy?

Mr. EASTMAN. The laborers generally pay from $3 to $5 a month for each room. A ten-room house within a radius of a mile and a half of the city and in a good location rents for about $45 a month.

The CHAIRMAN. What number of hours do the men work here?

Mr. EASTMAN. Ten hours.

The CHAIRMAN. Is that a rule which applies to all business operations in this city?

Mr. EASTMAN. To all with the exception of stone-cutters.

The CHAIRMAN. What rule have they?

Mr. EASTMAN. They have the eight-hour rule.

The CHAIRMAN. Why is there a discrimination in their favor?

Mr. EASTMAN. It is the result of their union. There was a law passed in this State making eight hours a legal day's work, but the law, I believe, is a dead letter. I know that the custom is ten hours a day, with the exception of stone cutters. Each union makes its own laws and regulations, and every man in the union is supposed to stand by them. The stone-cutters are the only laborers here who have retained the eight-hour system. There was a general movement in 1867 for the eight-hour system all over the Northern States, and I think that the stone-cutters in this city have carried their point ever since.

The CHAIRMAN. That is the only branch of trade in this city to which the eight-hour system applies?

Mr. EASTMAN. Yes, so far as I am aware of in the building line.

The CHAIRMAN. From the knowledge which you have derived from your business, do you regard this city as being in a sound, prosperous, healthy condition?

Mr. EASTMAN. I have my own ideas about cities increasing in one five years, and then ceasing to increase so rapidly in the next five years in each decade. I think that that is a general rule, not only probably in this country, but in every country. For the last two years I have not had much to do, and have been studying political economy considerably, and have read up on the subject, and I have formulated a theory of my own.

The CHAIRMAN. How do you answer the question which I have propounded to you as to whether the business of this city is in a sound, healthy condition, with a prospect of its growing better?

Mr. EASTMAN. I think that the prospects of this city for the next four years are for the better. Then we will have another panic. There is a natural law that will bring it about.

Mr. MARTIN. Do you mean to say that we will have another panic four years from now?

Mr. EASTMAN. Yes; we have reached the highest pinnacle of our prosperity. I have traveled considerably over the Northern States.

Mr. MARTIN. Have you been down South?

Mr. EASTMAN. No, sir, except as far as Nashville.

Mr. MARTIN. How much money did you invest in buildings since you have been here?

Mr. EASTMAN. About $500,000.

Mr. MARTIN. Did you make that money here yourself?

Mr. EASTMAN. I borrowed it.

Mr. MARTIN. Have you paid the debt?

Mr. EASTMAN. It stands as a mortgage on the property.

Mr. MARTIN. Is the property worth the mortgage?

Mr. EASTMAN. Yes.

Mr. O'CONNOR. You have not been depressed yourself?

Mr. EASTMAN. I am a bankrupt.

Mr. MARTIN. What caused your bankruptcy?

Mr. EASTMAN. I suppose bad calculation—building at the wrong time. I think I can see where all the trouble lies.

Mr. MARTIN. You lost money by your contracts?

Mr. EASTMAN. No; I bought property and built it up to sell, and I lost money on that. I never lost money on contracts. My opinion is that the volume of currency has nothing whatever to do with fluctuations.

Mr. SHERWIN. Are the plasterers in this city all employed?

Mr. EASTMAN. No; I believe not. The high price of plasterers' wages is the result, to some considerable extent, of their union. They organized a union here two years ago. But still the labor market has been relieved here by many men going into other fields of labor. There has been no revival of business in anything.

Mr. SHERWIN. There has been an increase of wages of 75 cents a day.

Mr. EASTMAN. More than that.

Mr. SHERWIN. Was that all owing to the operation of the plasterers' trades union?

Mr. EASTMAN. Not all. The labor market has a tendency to relieve itself by natural causes. Men have gone to the mines, and to farms, and to Europe. I know six men who worked for me and who have gone to Europe, but the labor market in Europe is crushed out now. They are on the decline there, while we are on the ascent; consequently in a few years the balance will change, and will bring on a crisis here. It is all the result of error in the adjustment of labor in working too many hours a day.

Mr. SHERWIN. What is the reason that some classes of laborers, where employment is scarce, do not have their wages reduced?

Mr. EASTMAN. That is by combination.

Mr. SHERWIN. Are those who are out of employment members of a union?

Mr. EASTMAN. Yes.

Mr. SHERWIN. And they forego employment on the behest of the union?

Mr. EASTMAN. Yes. Of course if a man is merged into a society he is governed by the rules of that society.

Mr. SHERWIN. The rules of that society are his law, and he is not independent so far as seeking employment goes?

Mr. EASTMAN. He is not.

Mr. SHERWIN. What would be the effect, supposing that non-union men were to come in here?

Mr. EASTMAN. The effect would be to defeat the purposes of the union men.

Mr. SHERWIN. Why do not non-union men come here?

Mr. EASTMAN. They do come. There is a man here now advertising for plasterers and offering them steady employment for the year round. He is fighting the union, but these unions have committees appointed to go to the railroad depots when they find men coming from outside, and give these men money to leave. Then they send word to other unions informing them of a strike, and asking them not to let their members come here. In that way unions sometimes carry their point.

Always where there is a demand for men the union can raise the wages of the men.

Mr. SHERWIN. But always at the expense of some of its laborers?

Mr. EASTMAN. Yes, it is generally expensive.

Mr. SHERWIN. Do not these unions work injustice to many men in the unions?

Mr. EASTMAN. But they also work justice.

Mr. SHERWIN. Do you approve of trades unions?

Mr. EASTMAN. I do.

Mr. SHERWIN. Do you approve of the injustice of them?

Mr. EASTMAN. I do not. If we were to have trades unions conducted properly, they would be a benefit to themselves and to contractors.

Mr. SHERWIN. State the proper way to conduct a trades union?

Mr. EASTMAN. A trades union should not make any movement in the way of raising wages without giving notice to the contractor in time enough to let him have a chance to figure ahead, so that he could pay them that rate of wages. They should try and work in harmony with the contractor.

Mr. SHERWIN. Trades unions make labor scarce. It amounts to that. Do you believe in legislating so as to make a scarcity of labor?

Mr. EASTMAN. No, sir.

Mr. SHERWIN. Is not that legislating a scarcity of labor?

Mr. EASTMAN. I fancy that that necessarily follows. A trades union says, "We will work for such rate of wages; if you want to pay it you will get all the work you need." I think they have a right to ask for any wages they can get. But they make a mistake, and sometimes fix the rate of wages beyond what the demand for labor authorizes, and that defeats their purpose.

Mr. SHERWIN. Do you not think that if laborers were left free, without the control of trades unions, they could go into the market and get fair wages, and would not a decrease in the cost of building increase the number of buildings put up, thus increasing the amount of labor, and be more just to all men?

Mr. EASTMAN. No, sir; the demand for houses is what makes building brisk. After the fire here, wages went up almost double, because there was a demand for building. The fire necessarily created a demand for houses. The workingmen knew that their labor was necessary, and consequently they put up their wages. All building enterprises cost us at least 50 per cent. more after the fire than they did previously.

Mr. SHERWIN. There is a great number of laborers here, plasterers and bricklayers, and there is not employment for them all. The union steps in nevertheless and demands $2.75 a day as wages. There are some of the men who would be glad to work at $2 a day, but the union says they shall not. Now is not that a tyranny on the part of the union upon those laborers?

Mr. EASTMAN. Yes; to a certain extent; but that makes no less amount of building. If the rate of wages goes up generally all over the country, an inflation of prices is caused, and if there is an inflation of prices, real estate goes up, and as real estate goes up building increases. It is not governed altogether by the demand for houses but by speculation, and speculation is caused by fluctuations. The purchasing power of money is determined entirely by the rate of wages.

Mr. SHERWIN. Supposing that men engaged in grocery business were to combine and say that they would not sell their goods except at certain prices; would you consider that just?

Mr. EASTMAN. No, sir; I believe in free competition.

Mr. SHERWIN. Do not trades unions strike at the very principle of free competition?

Mr. EASTMAN. They do.

Mr. SHERWIN. Then you cannot be in favor of trades unions?

Mr. EASTMAN. I am in favor of trades unions, provided they are run right. I would have them run so that they would not control the action of individuals, but only control the custom of the city.

Mr. SHERWIN. I can see how a trades union or any other organization of laborers that has a tendency to help each other, and that at the same time leaves every person free, is not objectionable; but where a trades union undertakes to control labor, it is objectionable; and is not that the feature of trades unions to-day?

Mr. EASTMAN. Yes; they are conducted in that way; they attempt to do by force what they ought to do by lawful means.

Mr. SHERWIN. You say that there was more building done in this city a few years ago than there is now, and that that was owing to local causes?

Mr. EASTMAN. Yes; a part of it; but in every city there is a general law that there is more building done in one five years than there is in another five years.

Mr. SHERWIN. How would you dispose of the surplus mechanics in a city?

Mr. EASTMAN. By reduction of the hours of labor.

Mr. SHERWIN. How would you reduce the hours of labor?

Mr. EASTMAN. By a labor congress.

Mr SHERWIN. Not through legislation?

Mr. EASTMAN. I do not think that legislation can reach it.

Mr. SHERWIN. How would a labor congress be able to do it?

Mr. EASTMAN. By agreement—by mutual consent.

Mr. SHERWIN. Who would be the agreeing parties?

Mr. EASTMAN. Contractors, manufacturers, business men, and the wage workers.

Mr. SHERWIN. You mean a conference between the employers of labor and the laborers?

Mr. EASTMAN. Yes.

Mr. SHERWIN. Would that reduction of the hours of labor be beneficial if it was only local?

Mr. EASTMAN. It might relieve certain lines of business where men do not come into competition, but in any line of business where there is free competition it cannot be done.

Mr. SHERWIN. Then, in order to make it beneficial to the laborers, it must be universal?

Mr. EASTMAN. Yes; so far as the country goes.

Mr. SHERWIN. And in many branches of industry it would necessarily have to extend beyond the country?

Mr. EASTMAN. Not necessarily.

Mr. SHERWIN. It would have to do so in regard to articles manufactured abroad?

Mr. EASTMAN. It would make no difference whatever, because we do not import anything without our exporting something else for it, and the exchange between the two countries is a material benefit.

Mr. SHERWIN. The profit of course would go to the countries where they work ten hours a day?

Mr. EASTMAN. The whole error comes in in the misconception of

money. If we were to use a paper money all these protective tariffs and duties would be avoided.

Mr. SHERWIN. Are you in favor of paper currency?

Mr. EASTMAN. I am in favor of the cheapest kind of currency. If you can make any currency cheaper than paper I shall be for it, because money is simply an ideality—an ideal thing—a measure of labor.

Mr. SHERWIN. How can you measure labor with a thing which is an ideality?

Mr. EASTMAN. How do you measure length with a thing which is an ideality?

Mr. SHERWIN. You do not.

Mr. EASTMAN. What is a foot-rule? A foot is a creation of the mind, and the length that it contains is simply an ideality. If you can guess the length without the rule you do not need it at all.

Mr. SHERWIN. So far as the eight-hour question is concerned you are not in favor of legislation for fixing the hours of labor by the government?

Mr. EASTMAN. I would be in favor of the government doing it if it was practicable.

Mr. DICKEY. I understood you to say that you consider this country now as being at the zenith of its prosperity for this decade?

Mr. EASTMAN. Yes.

Mr. DICKEY. Do you consider this country now, its business and labor interests, in a prosperous condition?

Mr. EASTMAN. Only comparatively speaking. It has not the prosperity that it should have.

Mr. DICKEY. But it has reached as high a state of prosperity as it will reach in this decade?

Mr. EASTMAN. Yes, exactly.

Mr. DICKEY. Can you tell me what can advance the business and labor interests of this country?

Mr. EASTMAN. I know, but it is a long story. If we would adjust the hours of labor so that it would be as easy for the employee to find employment as it is for the employer to find the employee, then you would have a perfect adjustment of labor, because one would be perfectly independent of the other.

Mr. DICKEY. How would you do that thing?

Mr. EASTMAN. In the first place I state what is necessary to be done. Another thing is to reduce the interest on money to its minimum or to annihilate interest entirely. Another thing (but it does not touch this country in a very important manner now) is the land question; that is a very important question in England, but not perhaps in this country. These three questions, if properly understood, could be easily arranged so that we would have no fluctuation whatever. We would have no man rich and no man poor. No man could get rich off another man's labor, but only off his own, and that would be an impossibility. The cause of all fluctuations is the result of a surplus of labor on the market. When society has more labor to perform, we do not increase the number of hours, but we increase the number of men, and when society has less labor to perform, we do not decrease the number of hours but we decrease the number of men. For instance, whenever a war occurs, there is a large increase in the amount of labor to be performed. We produced as much in this country and we lived as well during the war, working ten hours a day, as we did previously to the war or since. If a war increases the amount of labor to be performed, it must necessarily increase the demand for

men. If it increases the demand for men it increases the rate of wages, and an increase of the rate of wages must necessarily depreciate the purchasing power of money. Now, when the war ends, if men work the same number of hours, it must take less men to do the work, and must thus throw a surplus of men upon the market, and this will cut wages down until the market readjusts itself again. The number of our business men has increased two or three fold within the last few years. One business man now can do as much business as two or three men are engaged in doing. That is so much waste labor. The amount of labor that is out on tramp is also so much waste labor. The amount of labor used in producing the precious metals for money purposes is also waste labor. The amount of labor that is performed on farms without agricultural machinery is also practically waste labor. There is just as much waste labor in the country to-day as there was during the war. It is not that there is a greater volume of business done, but that the labor market has relieved itself from its surplus.

Mr. DICKEY. Do you mean that it has crowded out the drones?

Mr. EASTMAN. Not necessarily so, but it has crowded out men who cannot get employment, and has sent them into other business. When they tried to cut my wages down I would not stand it, and I went into business. So do other men. The consequence is, that the number of contractors in this city is three or four times as great, in proportion to the population, as it was ten years ago. Men are performing a lot of useless waste labor, but the labor market has relieved itself. Consequently, the rate of wages goes up. This is the cause of fluctuations. Money is simply a measure of labor, just as we have a rule to measure length, and a scale to measure weight. The labor market in this country has thrown off its surplus in the way I have mentioned. I know six men who are now working in Europe who used to work for me. Our exports commenced to increase as the rate of wages here began to fall, and our imports commenced to decrease as the rate of wages in Europe was ascending. Previous to the panic we imported very largely. Before every panic imports are very large. They almost doubled in the year or two before the panic. During our depression here they have inflation in Europe. This labor market will go swinging back and forward like the wheel of a wagon that has too much play. It will be always so until we adjust the hours of labor so that every man can find employment whenever he wants it. We do not need to regulate individuals, only to establish the custom, leaving the individual free to act as he sees fit—free to work one hour a day, or sixteen hours a day, or twenty hours a day.

Mr. DICKEY. Taking this country at large, cannot men work for any length of time they choose? Can they not be employed by the day, by the week, or by the month?

Mr. EASTMAN. Yes.

Mr. DICKEY. There is nothing to compel them to work any given number of hours a day?

Mr. EASTMAN. Yes; there is the custom of working so many hours a day. Society is divided into employer and employed, and the system controls the individual men. If you were to control the custom, every man could work as he pleased, but now a man cannot do that, because there is always a surplus of men on the market.

Mr. DICKEY. The reason that you assign for the great depression in the labor of the country is that the labor system is not adjusted?

Mr. EASTMAN. I say that society, as a rule, works the same number of hours continuously.

Mr. DICKEY. And you attribute all the depression of labor to that one thing?

Mr. EASTMAN. Yes.

Mr. DICKEY. Because the number of hours that a man should labor is not properly regulated?

Mr. EASTMAN. Yes, as a custom.

Mr. DICKEY. How would you remedy that?

Mr. EASTMAN. By a labor congress. If all the wage workers of the country were in trade unions, they would send delegates to a labor congress, and all the employers of labor would send delegates, and this congress would agree to reduce the hours of labor in a graduated way (say fifteen minutes a day for the first month, and so on), until there would be no surplus labor on the market.

Mr. DICKEY. Do you think that if eight hours was the custom in this country, universally respected and regarded by all employers, all the laboring men in the country would be employed to-day?

Mr. EASTMAN. I do not think that a reduction to eight hours would be enough.

Mr. DICKEY. What would you make it?

Mr. EASTMAN. I would not care whether the time was one hour, two hours, or twenty hours, but I would reduce the working time until everybody could find employment. You could not reduce it below the demand.

Mr. DICKEY. Then you would pay a day's work for three hours' work, if it were necessary, in order to employ men?

Mr. EASTMAN. The rate of wages which men get in money amounts to nothing at all. The value of money is determined by the rate of wages. Labor is what gives value to everything. The amount of labor expended in the production of any commodity is what determines its value. That is one fundamental law in political economy. Another is that the rate of wages determines the purchasing power of money. On these two laws political economy rests.

Mr. DICKEY. Then you would not have any legislation on the subject of labor by the legislative authorities of either State or Federal government, but by an independent labor congress, representing the labor elements of the country?

Mr. EASTMAN. That would be my opinion.

Mr. DICKEY. You would not ask any legislation by Congress or by the States?

Mr. EASTMAN. It strikes me that such legislation would be impracticable.

Adjourned till 10 o'clock to-morrow morning.

CHICAGO, ILL., *July* 29, 1879.

Views of Mr. Jonathan Y. Scammon.

Mr. JONATHAN Y. SCAMMON came before the committee, and, in response to preliminary questions, stated that he had resided in Chicago about 44 years; that he is by profession a lawyer, but that his business for the last twenty or twenty-five years has been mainly banking, and the building up and developing of the town. He said: Before the great fire of 1837, I was one of the largest owners of buildings in the city, and I have had for a good many years a great number of buildings here, and

I have been familiar with the business and development of the city and of the country generally. Mr. Ogden and myself commenced the building of the first railroad from this city, and I was at one time the largest stockholder in it. I have been always actively engaged in matters connected with the business and development of Chicago and of the Northwest, until since the great fire of 1871, and the panic of 1873, and the subsequent fires (as we have had eight of them within the last six years).

The CHAIRMAN. What is your occupation now?

Mr. SCAMMON. I am looking after the remains of my property, and am practicing law in a small way.

The CHAIRMAN. Give us a general idea with regard to the depression in this city since 1873, if there has been any.

Mr. SCAMMON. There has been almost a universal depression here since 1873. In my judgment it commenced in 1872. We had the premonitory symptoms of it then, but in consequence of the deposit of money which the government made with the banks of New York in the fall of 1872, we were enabled to bridge over the chasm until 1873. The nature of the business and transactions of the Northwest is this: the great demand for money here is to move the crops. We want all the money we can get generally in the fall of the year to forward the cereals and to purchase the hogs and beeves, and to pack them. And after the crops have been moved this money all runs down again to the great centres—to New York, as the great commercial centre of the country. Money has been generally abundant here after the crops have been moved. I was president of a bank that was doing the largest business here—the old Marine Bank—for a great many years, and that was always the history of its business. After the crops were moved money always became abundant, and it was sent to New York. It remained abundant until we wanted it again in the fall of the year to purchase the crops. The banks in the Northwest always relied upon their correspondents in the east for the large accommodations that were necessary to help to move the crops in the fall. In 1872, for the first time after the commencement of the war, when money was needed to move the crops, the New York banks could not send us the money that belonged to us, and hence came the depression in the fall of 1872, which was relieved, as we all know, by the deposit of $5,000,000 by the government with the banks in New York. That enabled us to move the crops for that year, and to bridge over the catastrophe for that year. When the next fall came, the business and the population of the country had increased, and the demand for money had also augmented. The money which had been circulating in the West had returned to New York. The deposit of the $5,000,000 made by the government had been paid back, and the government was not disposed to make any further deposit. The banks of New York had been relieved, and they were in no such imminent danger as to cause them to call on the government for help. On the contrary, as I read the signs of the times, the banks of New York thought that it was for their interest to allow this scarcity of money. But at all events, when we demanded the money to be returned to the Northwest, as it had always been heretofore, and advances made to enable us to move the crops, all the banks of the country, with very few exceptions, were broken. That was in the fall of 1873. The banks did not merely suspend; they were all broken, except the banks in Chicago, and the only reason why the banks in Chicago did not suspend, like all the other banks in the country, was because we had "corn in Egypt." People had to come here for their corn, and they brought sufficient money

here, so that the only large city in the Union whose banks did not suspend at that time was Chicago—because this issuing of clearing-house certificates was a mere banker's trick to cover up what was the manifest fact, that the banks had not any money, and so they supported each other's credit in the clearing-house. For instance, a bank in this city had $500,000 with one of the largest banks in New York. The Chicago bank demanded of the New York bank that it should send on that money; the New York bank wrote that it could not do it; that it had not the money, but that it would pay the drafts of the Chicago bank. This paying of the drafts of the Chicago bank, however, would not enable it to pay off its corresponding country banks, and would not enable the country banks to advance the usual money to their customers to move the crops. This large bank suspended and remained suspended until it had time to pay off its customers out of its bills receivable, and then it resumed.

Now, in my judgment, there was only one immediate occasion for the troubles in 1872, and for the troubles in 1873, and that was a want of an adequate amount of currency to do the business of the country. It has been said that we have been going too fast; that everybody had become extravagant. Whether that be so or not, the habits of the people and the business of the country, and the rights of the debtor and of the creditor, had been based upon the volume of currency as it then existed, and it was disastrous to the debtor class to diminish the volume of currency—or not to increase the volume of currency in proportion to the business and population of the country—just as it would have been to the creditor class if the volume of the currency had been increased so as to make the purchasing value of a dollar much less. My opinion was then, and is now, that the general disaster of 1873 came from the refusal or the neglect of the government to make the volume of currency commensurate with the business and the wants of the people. The panic of 1873 threw out of adequate employment from one-fourth to one-third of all the laboring people in this section of the country. It stopped so many of the industrial establishments in the Northwest and of the country generally that one-fourth or one-third of the men employed in them (and through them many others) were thrown out of employment; and from that time on, until last fall, a large portion of the community has been living not upon its earnings but upon the remnants which it had on hand. It was very much the same state of things that we had here in 1837. The history of things for the last five years seems identical with the history of things from 1837 to 1842, only with this difference: that in 1837 we were a new community here, and the money which we had, not having any security behind it, was lost. We not only lost the money that we had in the banks, but we lost the money that we had in our pockets, because it was not good for anything. Everybody failed. I was then a lawyer here doing the largest collection business in the city. I sued everybody and got judgment against everybody, but there was at that time no creditors' bill or bill of discovery, and, before I could get my executions out and could have them levied on the property of debtors, the debtors put their property out of their hands, either by making assignments to friends or by sales to friends. There were hard times from 1837 to 1840, or until they had an opportunity of getting clear under the bankrupt law of 1841. They ate up everything they had, so that when the bankrupt law of 1841 passed, and when people applied for its benefits in 1842, they had not anything left. The majority of those who took advantage of the bankrupt law had not enough to pay the fees of the court. The state of things here

generally from 1873 to the fall of 1878 has been very similar to the state of things at that time, only with this difference: A certain class of people has been saying that during all this time money has been very plenty; some bankers tell you (and they did tell you in 1874 here) that money was never so plenty. One large banker here said to me a year or two ago, "Mr. Scammon, the fault is not, as you think, that there is not money enough, but that there is too much money. I will lend you money cheaper now than you ever borrowed it in your life; of course, I want you to give a good cash collateral for it, so that if you do not pay your note when it is due we can collect it." I said, "Mr. president, what collaterals do you give for the money which you borrow?" "O," said he "we do not borrow any money." "Why," said I, "I learn from your last report that your bank had a capital of a million of dollars, and that it had five millions on deposit. That five millions of deposits the bank borrowed." Said he, "We do not call that borrowing money." Said I, "I do; and the difference between my borrowing money from you and your borrowing money from your customers is, that I pay you interest for the money I borrow and give security for it, whereas when you borrow money from your customers you pay no interest and give no security. Now," said I, "I do not think that that is exactly the fair thing. If I have got good cash collaterals I will not deposit them with you; I will sell them if I want money." Said I, "You are entirely mistaken about the business of banks. A bank does not do business on its own capital, but on the capital of depositors. It is merely a pool for collecting the money of the community together and distributing it again for the benefit of the people. Now, whatever security you require of the people you should give to the people." I said that I was the oldest banker in the city, that I had done a large amount of banking business, and that I considered it legitimate banking for a bank to make use of its capital in supporting the ability, credit, responsibility, and integrity of the business men of the community, and that the business men of the community give the bank the same security in their integrity and ability that the bank gives to its customers. I said that the trouble in 1873 came not from overproduction; that there was no such thing as overproduction, and that there never could be overproduction in any community. There is no such thing possible as overproduction in anything that goes to promote the comfort and convenience of civilized life, provided that the power of distribution keep up with the power of production. Everybody who has lived in this community as long a time as I have, knows that in 1835 the number of families who spent five or six hundred dollars a year in their support was very few indeed. Men who now live in this city at an expense of from ten to twenty-five thousand dollars a year, then lived at an expense of from five to six and eight hundred dollars a year, and they lived then, as they thought, very comfortably. They certainly lived a great deal more comfortably than they have lived since 1873. With the growth and development of the country and with the advance in civilization our wants have increased, and everybody requires a great deal more money and a great deal more conveniences than they did then. Up to 1872, the quantity of money afloat was adequate to do the business of the country. In my opinion, notwithstanding everything that has been said about a depreciated currency, this country never was so prosperous as from 1865 to 1866. Then any man who had any good property could sell it at once for money or for that which he could readily convert into money. The whole property of the country had become liquid. Money had no advantage then over any other kind of property. But now the value of money has been so

increased proportionately over other property that, substantially, the real estate in and about Chicago (with the exception of favorite pieces of property) has become like original sin, the more of it a fellow has the worse off he is. Everybody who had any real estate here before the great fire, and before the panic of 1873, has been (with very few exceptions) made poor, and the majority of the people in this county has not been able to pay its taxes. The lots of property that have been advertized for non-payment of taxes and that have been sold for taxes within the last three or four years have been vastly larger, in proportion to the population and the business, than even in the period from 1837 to 1842. The list has been so large that its publication, I believe, has cost from $50,000 to $80,000. A large proportion of the property has been, under a general law of this State, forfeited to the State for non-payment of taxes. The consequence has been that, with the exception of favorite pieces of real estate (for instance, on such a street as Madison street, or State street or other favorite streets), a great deal of the real estate of the city has been forfeited to the State of Illinois. We have a law here that where a man cannot pay his taxes, and where nobody else will buy the property at tax sales, the property shall be forfeited to the State. Then it is put into the tax levy of the next year with ten per cent. added, and is so continued from year to year, the owner having a right to redeem it on paying ten per cent. per annum.

Mr. O'CONNOR. Within what time has the owner a right to redeem it?

Mr. SCAMMON. There is no limit to the time when the property is forfeited to the State, but when it is purchased by another party it is to be redeemed within two years, and the purchaser gets fifty per cent. per annum. So little has been the confidence of the people in real estate and in their ability to carry this property, that the number of buyers at tax sales has been comparatively very small. I live seven miles from here, in the town of Hyde Park, which is *the* suburb of Chicago, and is in fact a part of the city of Chicago. You cannot tell where Chicago ends and Hyde Park begins any more than you can tell where Hamburg ends and Altoona begins. It is merely an artificial line. Hyde Park was a very flourishing town, and property there was in demand. A great many of our best citizens live there. But since the panic real estate there can hardly be given away, and a large majority of the owners of property there cannot pay the taxes on their property. The moment that all these manufacturing establishments were closed up, and the moment that great houses failed and that receivers were appointed to manage the estates, an artificial plethora of money was created in the banks. These receivers and assignees collected money from everybody and paid none of it out. The money went into the banks, and, therefore, the banks said that money was never so plenty, and they were ready to loan it out at a very low rate. This continued from 1873 until three years since, when these corporations and firms, and their assignees in bankruptcy, and their receivers, began to distribute among the creditors of these concerns the proceeds of their sales; and then a large number of the banks failed. Half a dozen or more of the banks and banking institutions here "went up" the moment that this distribution commenced. But in the mean time the gentlemen connected with banking institutions would say, "It cannot be that there is a lack of money capital, because we have all got more money than we can loan on adequate security." I said to Mr. Saul Smith, the president of one of our large banks, that I had been inquiring and had found that there was no money in the community except what was in the banks,

and that the money there did not belong to the banks, but belonged to their creditors, and that was the case between 1873 and 1876–'77. My opinion is that the force of a panic expends itself within five years. It expended itself last year, 1878, just as it expended itself after 1837 in 1842, and my opinion is that since last fall there has been an improvement. But it has been an improvement confined mainly to a new class of people. The men who built Chicago, the men who developed this country, the men who rebuilt Chicago after the fire, have generally "gone up." Large sums of money were loaned to rebuild the city, and none of these loans were made except on a basis where the property was supposed to be at least worth twice as much. The city was mainly built up in 1872 and the early part of 1873. Now that property, generally, could not be sold to-day for the money that has been expended in the buildings. As an illustration, there is a piece of land here at the corner of Michigan avenue and Randolph street which never rented for less than $32,000 a year for a great many years before the fire. That property was burned over, and the proprietor wanted to borrow money to rebuild. It was said that it would take $125,000 to rebuild. The insurance company had the land appraised, and it was valued at about $175,000 or $200,000. The company loaned $125,000 on it and the building was put up. But such has been the depression here that the building did not find a tenant until the last year or two, and the mortgage was foreclosed. The insurance company would not bid upon the property the amount of money loaned on it, so that that property which the insurance company and its agents here valued (and they did not overvalue it) at $300,000, including the $125,000 given to put up the building) has been sold for less than $125,000; and I believe that, after expending $10,000 or $15,000 in repairs and alterations, they only get some $9,000 or $10,000 rent for it. That property is intrinsically as valuable as it ever was. The city of Chicago has a larger population than it ever had before. The aggregate amount of business of Chicago is larger than it ever was before. And yet, so far as the majority of the people who rebuilt Chicago are concerned, and so far as the business people of Chicago are concerned, this is a time of great depression. There are certain great establishments—very large grocery houses, for instance—that stood the storm and have been able comparatively to monopolize business. The owners of these establishments will tell you that business is good. There are large banks connected with stock-yards, and with monopolies in transportation of cattle, &c., that are making a great deal of money; and there have been so many banks weeded out that the banks that are left have a very good chance to make money, so that it would probably be the opinion of these bankers that the times are good. The people connected with the stock-yard business generally, during all this time of great depression, when in money centres money was very scarce, when pork was very low, and the feed of cattle very low, have been making and coining money; and if you go into the town of Hyde Park or ride down Prairie avenue, you will see splendid palaces which the hogs have built. The stock-yard business has been a very prosperous business; and you will find banks and bankers connected with the stock-yards who will tell you that business never was so good. That is true so far as they are concerned; but where there is any prosperity in Chicago it is exceptional. In my opinion there is but one remedy for all this, and that is the remedy which has been always adopted in this country after a great panic. Great panics have always been caused in this country (with few exceptions) by the want of an adequate amount of currency to distribute the products of the country; and,

before general prosperity has been ever restored, the amount of currency has always had to be increased. It was so after the war of 1812, when the United States Bank was created, and when it set afloat a great deal of good money. It was so after 1837. Here in this Northwestern country, where we were so Democratic that we would not allow any banks, the new Northwestern States generally, being averse to any kind of paper currency on account of the great losses from the panic of 1837, provided either absolutely against any bank of issue, or provided only for a State bank. In this State the State Bank had to be wound up by the legislature; but there was a Mr. George Smith, a crafty Scotchman, who lived here, and who got the charter of the Wisconsin Marine and Fire-Insurance Company, in which charter was a power to receive money on deposit and to loan the same. On the pretense that this gave him power to issue currency, he issued certificates of deposit, and from 1841–'42 to 1852–'53 he made use of them when there was a great want of circulating medium here. He issued certificates of deposit, and the business of all this Northwestern country was done substantially with George Smith's money and through kindred institutions. He acknowledged to me that he issued a million and a half of them. They were in this form: "John Smith has deposited with the Wisconsin Marine and Fire-Insurance Company one dollar, payable to him or order on the return of this certificate." There was an immense number of smaller like institutions all over the country, which furnished the circulating medium. And it has been the opinion of all business men here that this country is twenty years ahead of what it would have been if it had not had that circulation. It has been their opinion that this was the means of lifting us up out of the depression from 1837 to 1842. Then Mr. Smith withdrew his currency and left the country. That is the only instance I ever knew of a great community being greatly benefited by an illegal currency and of an immense fortune being made by a man from the issuing of that currency. Probably the experiment could not be repeated. I have cited this thing as an illustration of my opinion. I have been a very large business man here, I have loaned a great many millions of dollars, and have expended many hundreds of thousands of dollars, perhaps millions (certainly more than one million), in building up this town. I expended here, after the great fire, from half a million to a million of dollars in building, and I have been familiar with the business of the city, perhaps as familiar as any other gentleman since I have been here, and I am convinced that this depression came from a scarcity of circulating medium. That scarcity of circulating medium destroyed all confidence in individual ability, and the banks, from that time to this (with few exceptions) have been mere pawn-broking shops. They have not loaned money, as I used to loan money, to business men on their business character and ability, just as money is deposited with them from confidence in their ability and integrity.

Mr. MARTIN. Cannot people borrow money now from the banks without depositing collaterals?

Mr. SCAMMON. If so, it is an exception. That is not the rule, and has not been the rule. In old times we used to think it very good security if a man was a good business man, and if he came in and wanted to borrow money and gave us his own note. If he was worth $10,000 and wanted to borrow one or two thousand dollars, or even $5,000, we thought his own note good security.

Mr. MARTIN. Cannot that be done now?

Mr. SCAMMON. Very rarely. As they say in Pinafore, "Never, or

hardly ever." There are some few gentlemen who can borrow money in that way, but they are the exception.

Mr. COWGILL. Would it be a safe kind of banking business, as a general thing, to loan money without security?

Mr. SCAMMON. I think it is just as safe a banking business to loan money to a good customer without security as it is a safe mercantile business to sell a man a stock of goods without security.

Mr. SHERWIN. The difference is this, however. The banker is a trustee for other people's funds, while the merchant sells his own goods and takes his chance. The two cases are different.

Mr. SCAMMON. I reckon that the two cases are the same thing. The merchant generally is the trustee for his creditors. He has purchased his goods to sell, and to recoup his creditors.

Mr. SHERWIN. That is, assuming that he buys on credit himself?

Mr. SCAMMON. I guess that that is the case generally. If you average any community you will find that they have not a great deal after their debts are paid.

Mr. SHERWIN. You do not mean to say that you, as a banker, would deal with the same freedom in making loans as you would if you were in the grocery business on your own account?

Mr. SCAMMON. I certainly would and did so, and I always made money at it.

Mr. COWGILL. Would you, as a business man, be willing to make your deposits at a bank which was in the habit of loaning money over the counter to its customers without security?

Mr. SCAMMON. Certainly not without security; but the character, the credit, the business abilities of a merchant or of a business man in a good position, are the best of all possible security. I would not loan money on collaterals to any man in whom I had not confidence. I would not do any business with any man in whom I had not confidence. Saul Smith has been the most successful banker that we ever had here, and he never hesitated to loan money to individuals on their personal security. The majority of loans that I have ever made I have made without any other security than the knowledge of the ability, good character, and credit of the customer, and I have rarely lost any money in that way. Whenever I have lost money it has been when I loaned it to some man who was not very good in himself, but because he gave me some collateral; and I was very apt to be caught with the collaterals. A banker is nothing but a merchant. A firm of the greatest bankers in England (Baring Brothers) calls themselves merely merchants, and has loaned money all over the world on mere personal security. Of course they loan on collaterals, too, but they advance money on personal security.

My opinion is that we are on the eve of returning prosperity, but that, just as soon as the men who have been thrown out of employment have adequate employment and as soon as the general industry of the country is restored, we will have another panic, unless the volume of the currency is increased so as to make it commensurate with the business and population of the country. In my opinion you cannot regard a country otherwise than as a man. Every country and every community is as a man. In order that a man shall be healthy and shall be able to do his duty he must have an abundance of good food, which makes an abundance of arterial blood, and the quantity of arterial blood in his veins must be commensurate to the size of the man and to the work that he has to do. So in a country. The volume of the currency that you have in any country must always be commensurate with the life, activity, and business of the country.

Mr. DICKEY. How much volume of currency ought we to have in this country now?

Mr. SCAMMON. I presume that the Lord knows that, but I do not.

Mr. DICKEY. I want your opinion about it.

Mr. SCAMMON. My opinion about it is just this, that there is a law of demand and supply which would regulate it. I know, as a matter of fact, that before the war we never had any actual limit on the bank currency. The banks generally could not issue as much money as they were authorized to issue. I do not believe that there should be any limit at all to the volume of currency except that of demand and supply. I believe that if any country makes money, or anything else, a measure of other values, it is bound to make it so abundant as not to give one species of property an advantage over another. The old law of the State of Maine and of the State of Massachusetts did not allow real estate to be sold on execution. Why? Because real estate possesses no value except a man wants it; but personal property could be sold on execution, because personal property being transportable, it was to be presumed that it would have a substantial value everywhere. If I owed you a debt of $600, and you got a judgment against me, and if I owned 160 acres of land worth $10 an acre, you were not obliged to take that land on execution; but if you did take it you must take it at its fair value. The sheriff made an execution on the land and appointed three appraisers to say how much of that land was equal to the debt, and they set off 40 or 60 or 100 acres of it, and the debtor made a deed of that quantity to the creditor, and that was the end of it. That was the old law of Maine and Massachusetts. It was the law of Maine when I came from there 44 years ago. That was carrying out fair dealing; it was a law to the debtor and a law to the creditor. If there was no law here now making anything a legal tender for the payment of debt, then this insurance company that loaned $125,000 on the piece of property that I have mentioned, if it got a judgment against the land and against the property, would have to get an appraiser to say how much of the property was equivalent to the debt. But, to make the thing fair, there should be a further appraisement. What that man borrowed to put up that building with was the building itself. The money was merely the means by which it was done. Now, that building to-day could be put up for $60,000. If the man who borrowed that money pays the insurance company $60,000, he pays to it all that in equity he got from it. He borrowed the building; that is all. Creditors can understand very clearly how unjust it would be to increase the volume of currency so that $125,000 would not build more than half the building; but they seem unable to see that if the government reduces the volume of circulation so that $60,000 is worth, when the debt becomes due, what the $125,000 was worth when the money was loaned, the debtor is swindled. My opinion is, that the whole legislation of the country, the whole public opinion of the country, the whole press of the country, has been on the wrong tack for the last 25 years. Here in the Northwest we have been so anxious to have the country developed and improved, that we have merely said to the parties who had the money, "Give us the money on your own terms."

Mr. DICKEY. Have you any opinion about what the volume of currency ought to be for the business interests of the country?

Mr. SCAMMON. I have this opinion: General Grant sent a message to Congress in 1873, and I have never seen any answer to that message from anybody, either from his own friends (of whom I am one) or from anybody else. He showed in that message that we had less currency

in this country, per capita, than existed in any other commercial country in the world. I am of opinion that the American people are more intelligent than any other people in the world, and that they require more money than any other people in the world. And I have this further opinion, that in all commercial countries business has got to be done on credit. In a barbarous and uncivilized country business is done entirely on a metallic standard. Their money must be something that cannot be burned up, that cannot be destroyed, that may be hid or buried. But just in the degree that countries become civilized and Christianized their business is done on trust in their fellow-men; and that trust in good men is the best security in the world. It is the only security of governments. In every commercial country business is done on trust, the security being either in the shape of bonds, promissory notes, bills of exchange, bank notes, or government paper. My opinion is that the business of this country will be always done on trust, and mainly on paper. If it is done, however, on individual paper and on individual trust, we should have the banks as heretofore. If money is made so abundant that the whole property of the country is made liquid and flexible so that any man can at pleasure change his property into currency, then the business of the country will be done for ready pay; and if you want the business of the country done for ready pay, the volume of currency has got to be vastly larger than anybody has anticipated.

Mr. SHERWIN. The money of the country, you say, has got to be liquid.

Mr. SCAMMON. Yes, I believe it would be a very excellent thing if the Government of the United States would pass a very simple law, making all the paper which it issues receivable at all times at the Treasury, and redeemable either in coin or in interconvertible bonds equal to coin, those bonds to be reconverted into currency at any time that the currency is needed, with this provision that the government may call in and pay off in coin, whenever it pleases, all of its indebtedness. If that were done, I think we should be able to say, as Mr. John Sherman says about what has happened since resumption, that there has been no demand for coin. I believe that there would be no demand for coin then, and that the government indebtedness would be in a few years gradually wiped out.

Mr. COWGILL. Would there not be a large demand for coin, if you so diluted the currency as to have a liquid currency in this country, so that everybody could have his hands and pocket and hat full of it?

Mr. SCAMMON. I did not say that everybody could have his hands and pocket and hat full of currency. I understand money to be a purely artificial thing. It is like the blood in the veins of a man. I understand that money is made for the purpose of exchange, and I hold further that the old doctrine was correct that interest for the use of money cannot be justified. The law of demand and supply should regulate the matter. The moment you add so much currency that the interest on money would be less than the gain on other good property men would convert their money into other good property, and instead of people wanting to hoard money as they do now, they would want to get rid of it by putting it in other good property. I do not propose to give you or myself or anybody else money without getting something for it.

Before the fire I had a rent roll of from $70,000 to $100,000, and I do not see why that property was not just as good a security to the government, and through the government to the whole people, as a government bond is. What is the money that we now have? It is nothing else

than the faith of the government. We have no other money than government money. The only difference between national-bank notes and legal-tender notes is that the one is the direct promise of the government to pay the amount, or to receive the note in payment of dues to the government, while the other is a promise on the part of the banks to pay legal-tender for the note. There is one other difference, and that is that we pay the national banks for the privilege of issuing notes in their name.

Mr. COWGILL. I understood you to say a moment ago that you did not want any more money than was necessary to meet the monetary demands of the country. Am I right about that?

Mr. SCAMMON. Yes, sir.

Mr. COWGILL. If there is a demand for more money here, why is it that the national banks do not supply the vacuum? There are no restrictions, as I understand the law, in regard to banking, and, therefore, why do not the national banks supply this demand which you say exists?

Mr. SCAMMON. Just for the same reason that the Frenchman gave when he went into a bank to draw the money which he had there. He said, "If you have got the money I don't want him, but if you have not got him, I must and will have him." The reason is that the men who want the money have their property in such shape that the banks will not loan upon it. I am not in favor of increasing the volume of currency to be borrowed. We borrow too much money now. But I want the government to issue all the money, and to make that volume of currency large enough to represent all the property of the country, so that property in money will not have any advantage over any other property.

Mr. COWGILL. How would you have the government diffuse this money among the people? I understand you to say that you are not in favor of men getting money for nothing. Now, how will the government distribute this money so as to get it out into circulation among the people?

Mr. SCAMMON. When we built the Illinois Central Railroad and the Galena road, whenever we bought land and paid for railroad ties and labor, the money went to the people and the people paid it to one another. If the Government of the United States would pay out its own money for everything, that money would go into circulation, and we should get as much of it as we needed. My own opinion is that Divine Providence is a great deal wiser than you or I or any other man, and that if we do not learn wisdom from the disasters that we have passed through, we shall make a very great mistake. Before 1837, such a thing as a government currency, or as a currency secured on government bonds in the hands of the people, never was heard of; but out of the disaster of 1837 we got the free-banking law of New York, which was the beginning of the national banking system, giving security to the people. And out of the disasters of the war we have got a uniform, secured, currency all over the country in which everybody has confidence. I believe in the government of Divine Providence. I do not believe very much in the wisdom of Congress, or of Congressional committees, or of bankers that profess to know a great deal more than we do. I do not want a man who puts his property in money, and who sits down and does his business by cutting off coupons, to have any advantage over me who have lived here 40 years, and who have spent my time and wealth in the building of railroads and houses, and in developing and enriching the country. But for this contraction of the currency I to-day should be worth a million or a million and a half of dollars. After the great fire

of 1871, when my neighbors were jumping into the lake, or taking poison, or cutting their throats, and when they thought that everything had gone up, I had some faith in the future of Chicago, and I went to work to rebuild the town. If the panic had not come, my property would have been worth just as much to-day as it was after I got up the first building in 1872. But the panic came, and through the panic a contraction of the currency, so that my property has not only been reduced one-half in value, but the real mercantile value of the rest of it has been diminished one-third, because while we are on the down-hill grade nobody wants to buy property at any price. It is not salable. The intrinsic value of property about Chicago must be greater now than it ever was before, because the population and business of Chicago are greater, but yet property has depreciated.

The CHAIRMAN. What is the condition of labor in this city as compared to what it was ten years ago?

Mr. SCAMMON. Labor was employed and was fully remunerated until the disaster of 1873. We paid generally in 1873 from $1.50 to $1.75 a day for labor, but the panic gradually affected labor until now we get labor at $1.25 a day, and can get a vast deal more of it than we can employ. Labor has not full employment, but it has been improving; it is like the going in and out of the tide. Last fall I could see that the running out had ceased, and that the tide had commenced to return; I think there has been as manifest an improvement between the fall of 1878 and the present time, as there was between the fall of 1842 and the summer of 1843. But it has been slow; public confidence is not restored; the banks still are pawnbrokers' shops and not banks.

The CHAIRMAN. Then the condition of labor is not healthy here so far as employment is concerned?

Mr. SCAMMON. No, sir.

The CHAIRMAN. Has it been during the last seven years?

Mr. SCAMMON. It was in a very healthy condition down to 1873. I was out of this country from 1857 to 1860, and cannot speak of it during that period. But from 1861 down to 1873, labor was fully employed, and at remunerative prices.

The CHAIRMAN. What remedy have you to suggest in order to improve the condition of labor?

Mr. SCAMMON. My opinion is, that there has never been but one way of getting out of this depression, and that is by increasing the volume of currency; that has always been so; the whole country is just in the same condition that General Banks was in on the Red River. All the wise men of his staff said that all he had to do was to blow up his boats and abandon them; but one of the wise men, a lumberman from Maine who had been accustomed to drive logs down the streams of Maine, said that the only way was to raise the volume of water, and if the water did not come down from Heaven, to build some kind of a dam to raise it. So this lumberman took hold and made his dams and raised the volume of water and Banks got his vessels out. Just so the volume of currency has got to be increased before we can obtain prosperity.

Mr. DICKEY. Calling the present volume of currency in the country $700,000,000, in your opinion, is that amount sufficient for the business and labor interests of the country?

Mr. SCAMMON. I do not think it is.

Mr. DICKEY. What, in your opinion, ought to be the volume of the currency, either per capita or in bulk?

Mr. SCAMMON. I have no hesitation in saying that the volume of the currency ought to be greatly increased—not all at once but gradually in-

creased to at least double its present volume. My own opinion is, that a large volume of currency does away with indebtedness, and that more currency is needed in this country than most people think. I think that instead of doing the business of the country on individual indebtedness and on individual credit, we should do it on the credit of the government, and for ready pay, thus dispensing with the money changers. I believe that there is as much occasion now for somebody to drive the money changers out of the temple of the nation, as there was when the Lord was on the earth.

Mr. DICKEY. Then I understand your opinion to be, that the currency ought to be gradually increased until it reaches about $1,500,000,000?

Mr. SCAMMON. At least that.

Mr. O'CONNOR. Your theory, if I understand it correctly, is, that when the volume of currency is contracted, the currency is made dearer, and all other property is made cheaper in its relations thereto?

Mr. SCAMMON. All other property is not only made cheaper in its relations to money, but you give money an absolute dominion, and you make it the slaveholder of every other species of property.

Mr. O'CONNOR. Do you believe that if the Secretary of the Treasury, who recently redeemed one hundred and ninety-five millions of five-twenty bonds in four per cent. bonds, had redeemed them in legal-tender notes he could have floated these legal-tender notes at par with gold?

Mr. SCAMMON. I think that he could do it gradually. Two things must be considered: One is physical ability, and the other is public opinion. Now, for a hundred years in this country our only idea of money has been substantially a paper money issued by an individual and redeemable in coin; and it is so ingrained in the ideas of the American people that nothing is money except gold and silver, that if you undertook to issue a very large volume of currency at once you would come in contact with the prejudices of the people. The men who want to make the money (as the bankers did before the war), and to get rich by making it, are shrewd men. They are business men and they know what their interest is. These men would work on the prejudices of the people; and the people who have been so long accustomed to think that a bank note is good for nothing unless it is redeemable in coin would be aroused. So that you would have to proceed very gradually. I have no doubt whatever that the entire national indebtedness of the United States could be gradually converted into currency, and the currency kept at par, and I have no doubt that in that case this country would be the richest country in the world. We should have no use for gold and silver in the country; and we have got no use for it now, practically. Gold and silver should be used, as God intended they should be, as that kind of merchandise which is most convenient to pay foreign balances.

Mr. MARTIN. Do you think that this currency so issued should be convertible into coin? Do you think that the amount of circulation should be so limited that it could be convertible at any time into coin?

Mr. SCAMMON. No, sir; but I think that it should be convertible either into coin or into government bonds.

Mr. MARTIN. You said that it should be floatable at par. What did you mean by that?

Mr. SCAMMON. You will admit that money is a purely artificial thing. Whatever the law makes money, is money, and the law can make 112 grains of silver a dollar just as well as it can make 120 grains a dollar. When I say that currency should be floatable at par, I mean this: I believe that this is the richest country in the world. I think that the credit of the American Government is sufficient to make reliable money of

itself—if you please, fiat money; but I think that public opinion, the opinion of the people of the country, is that everything that the government issues as money must be measured by gold and silver, and that therefore in order to have no disturbance, and in order to introduce this thing gradually, you must not issue any more money than you can maintain at equal value with coin. My own opinion is that an interconvertible government bond bearing a small rate of interest would be preferred to coin by everybody who did not want to use the money immediately. One reason why I would not make it universal is this: I have been a banker for 25 years, and I know that if the government ever did that I would not let money remain in my vaults, but I would put it in bonds and make the government pay interest upon it.

Mr. MARTIN. This $1,500,000,000 of currency which you would issue would you have based it upon gold and silver, or would you have it convertible into coin?

Mr. SCAMMON. I would have it convertible into coin, or into that which is equivalent to coin. I would not leave the option with the banker, so that he could make a corner on government bonds. But I would have the government make this paper money receivable for all dues. My own opinion is that we should have been at specie payment four or five years ago if that had been the law. I would provide that if any man had a surplus of this paper money he should have the right to put it into interconvertible government bonds of equal value with coin, and paying interest, but I would have it convertible into coin or bonds at the option of the government.

Mr. O'CONNOR. On the idea that the $1,800,000,000, of the bonded debt of the government to-day is at a premium in gold?

Mr. SCAMMON. If I were a theologian, I would say that I believe that under Divine Providence this indebtedness is a bridge to carry us over this large trouble, and that instead of the government debt being a burden it should be made a blessing by converting it all gradually into currency.

Mr. MARTIN. Is it your opinion that you have a depression of business here in Chicago?

Mr. SCAMMON. Undoubtedly. The small people are having hard times. A great historian has said that the prosperity of a community has to be regarded in two aspects—one from the point of view of the general prosperity of the country as compared with other countries, and the other from the point of view of the general happiness of the people composing the country.

Mr. MARTIN. You say that this depression commenced in 1872, and that it still continues?

Mr. SCAMMON. I say that we had the premonitory symptoms of it in 1872, but that it was then arrested by the government by the deposit of five millions in the New York banks.

Mr. MARTIN. You say that the banks all broke in 1873?

Mr. SCAMMON. Yes.

Mr. MARTIN. Did not the depression commence then?

Mr. SCAMMON. No; the depression commenced in 1872, when the West called upon New York to give money to move the crops. The deposit of five millions by the government in the New York banks bridged the difficulty over to 1873, but only to make it worse when the panic came in 1873.

Mr. MARTIN. You speak about the people of this city not paying their taxes. Are they not able to pay their taxes?

Mr. SCAMMON. No, sir; they are not.

Mr. MARTIN. In consequence of what?

Mr. SCAMMON. On account of the depression in business.

Mr. MARTIN. Is not your property valued very high?

Mr. SCAMMON. I think not.

Mr. MARTIN. How much per cent. is your tax here?

Mr. SCAMMON. $4.04 per cent. Our property for taxation purposes is generally valued at about 33⅓ cents on the dollar. But the trouble is this: the panic utterly annihilated a large portion of the property of Chicago, and of the surrounding country, so far as all availability is concerned.

Mr. MARTIN. You speak of property not being salable here for what it cost to put up the buildings?

Mr. SCAMMON. Yes.

Mr. MARTIN. Is it not true that the buildings here have cost you too much?

Mr. SCAMMON. No, sir.

Mr. MARTIN. Where did you get the brick from?

Mr. SCAMMON. We got some of it from abroad.

Mr. MARTIN. Did you not get a vast quantity of it from Philadelphia?

Mr. SCAMMON. No, sir; a very small quantity.

Mr. MARTIN. I have understood that a vast quantity of your brick came from Philadelphia, and that it cost a good deal of money.

Mr. SCAMMON. There were a few car-loads of fine Philadelphia pressed brick brought here, but not beyond that.

Mr. MARTIN. Is it not true that these buildings in fact cost you too much money, and that that is the reason why you cannot sell them now for what they cost?

Mr. SCAMMON. No, sir; we calculated, when we were rebuilding the town, that we were to lose three or four years' rent on the property by reason of our rebuilding in those times. But you cannot sell a good deal of our property here now for what the buildings would cost in ordinary times.

Mr. MARTIN. I understood you to say that most of the men who had rebuilt Chicago were now insolvent?

Mr. SCAMMON. That is so.

Mr. MARTIN. What proportion of the men who rebuilt the city are now insolvent, and what is the reason of their insolvency?

Mr. SCAMMON. They are insolvent just for this reason: that they borrowed the money to build and have not been able to pay it back.

Mr. MARTIN. Where did they borrow it?

Mr. SCAMMON. From the insurance companies, the Connecticut Mutual Life Insurance Co., the Equitable Life Insurance Co., the Charter Oak Life Insurance Co., and the trustees of societies all over the country. They put their money into these buildings, and when they got the buildings up the panic came.

Mr. MARTIN. When were the buildings put up?

Mr. SCAMMON. In 1872–'73. The fire was in the fall of 1871, and the buildings were put up in 1872–'73. In consequence of the panic, and in consequence of so many men being thrown out of employment, and of the general depression of business, three-fourths of the buildings that I put up have not been occupied.

Mr. MARTIN. Then you ought to put down your rents so that they can be occupied.

Mr. SCAMMON. I have offered to let men have the buildings at any price. I have rented a good many of them for less than the taxes, and

in some cases I have let people in, and have tried to help them to get a living, and have lost what I gave to help them. The truth is that the panic came and hit us all "between wind and water." We had just got our buildings up, calculating that we should have lost the rent of three or four years, but that at the end of that time the property would have been at a fair value.

Mr. MARTIN. Are we to understand that a majority of the gentlemen who rebuilt the city are insolvent?

Mr. SCAMMON. Yes; that is so. Most of them have taken the benefit of the bankrupt law.

The CHAIRMAN. What number of them has taken the benefit of the bankrupt law?

Mr. SCAMMON. I will get the number. I think it is between four and seven thousand.

Mr. MARTIN. Was it the indebtedness created in the rebuilding of the city, or was it an indebtedness existing prior to those hard times, which caused so many people to go into bankruptcy?

Mr. SCAMMON. I think that in the main the indebtedness has been incurred since the fire. A good deal of it existed before the fire, but I think that those men were solvent, and would have been solvent but for the panic.

Mr. MARTIN. Because their creditors did not come down upon them?

Mr. SCAMMON. No; the creditors were generally very good. After the fire here the creditors would settle and take anything that a man could pay, and every man who supposed that he was insolvent just paid his creditors what he thought he could pay them, and they discharged him.

Mr. MARTIN. Were not a good many of those people who went into bankruptcy insolvent before 1871?

Mr. SCAMMON. Of course some of them were, but Chicago was exceptionally a prosperous city. There had been good crops in the country, and beef and pork bore high prices, and we were exceptionally prosperous.

Mr. COWGILL. Is it not a fact that the financial distress in this city is more owing to the large destruction of property by the fire than it is to the panic?

Mr. SCAMMON. In this sense it is: You cannot wipe out $200,000,000 of property by a great fire without making a big hole.

Mr. COWGILL. Is it not chiefly from the fact that men who have been your customers and tenants and who have occupied your buildings were utterly ruined by the fire, and have been unable to rent buildings or to do business? Is it not that which has deprived you of tenants, and is not that the chief cause of your houses remaining idle?

Mr. SCAMMON. I think not. During the last five years everybody here has been wearing old clothes, has been economizing, has been getting down to hard-pan, has been wearing his old shoes and old hat and old clothes, and our wives have been wearing out their old dresses.

Mr. COWGILL. Was not that caused very largely by the destruction of property in the great fire?

Mr. SCAMMON. So far as the city of Chicago is concerned that is undoubtedly true to some extent, but the city of Chicago is a very small thing in relation to the whole business of this country.

Mr. COWGILL. I ask these questions simply in relation to those houses of yours that are tenantless?

Mr. SCAMMON. But for the depression they would have been all oc-

cupied. The fire brought a vast number of people here to occupy houses.

Mr. O'CONNOR. This depression of business, which you have ascribed to the contraction of the volume of circulating medium, has not been confined to Chicago, has it?

Mr. SCAMMON. I think not.

Mr. O'CONNOR. Is it not universal over this country?

Mr. SCAMMON. So far as my knowledge extends it is. The men who monopolize business in Chicago are prosperous. For instance, take a dry-goods establishment like Field, Leiter & Co., or a grocery house like Reed, Bullitt & Co., or any house here that is doing a monopolizing business of any kind, and they are generally making money.

Mr. COWGILL. You do not know of any person having anything to sell that anybody else wants who cannot get cash for it at the market price. Is there not plenty of money here and all over the country to pay for anything of the kind?

Mr. SCAMMON. Yes; but the trouble is that the market price is not half what it should be.

Mr. COWGILL. Previous to the panic of 1873, have you not known not only produce but labor and everything of that kind very much lower than you have known it since that panic?

Mr. SCAMMON. It was lower from 1837 to 1842, but with that exception I have never known it to be lower. I am told that it was lower in 1861, but I had been abroad and had only just come home then.

Mr. SHERWIN. You ascribe the panic of 1873, as you do all panics, to the contraction of the currency?

Mr. SCAMMON. Yes. Of course there may be other causes, but that is the great paramount cause of all panics.

Mr. SHERWIN. This panic of 1873 you say was caused by the contraction of the currency?

Mr. SCAMMON. Yes.

Mr. SHERWIN. How was the currency contracted and how much was it contracted?

Mr. SCAMMON. I have in my office a statement from the Secretary of the Treasury showing how much Mr. Sherman says it was contracted—a very considerable amount.

Mr. SHERWIN. Here is the last statement of the Secretary of the Treasury, dated July 1st, 1879, which shows the currency for every year since 1860 up to that time.

Mr. SCAMMON. The fallacy in all those statements coming from the Secretary of the Treasury is that there was a good deal of money afloat which passed as currency that was not issued by the banks.

Mr. SHERWIN. This matter of the contraction of the currency is the point of your testimony, and I want to know just what the contraction consisted of. I would like your opinion and the figures.

Mr. SCAMMON. I have not made the figures; and any figures that any person makes must be very unsatisfactory and indefinite; because, for instance, nobody knows the quantity of illegal or unauthorized circulation that was afloat, and that was used instead of money.

Mr. SHERWIN. If you have an opinion that there has been a contraction of the currency you must have some figures on which you base that opinion, or else your opinion cannot be very satisfactory to yourself or to us. I would like to know how that currency was contracted and what kind of currency was contracted.

Mr. SCAMMON. If you give me time to go to the office of the *Inter-Ocean* I will get a paper in which I figured this up.

Mr. SHERWIN. I would like you to furnish it to the committee.

Mr. SCAMMON. I will show you the statement. The discrepancies in all these statements about the contraction of the currency come entirely from the difference in the point of view. Everybody familiar with this country knows that there has been a good deal of paper made use of instead of money and that was not technically currency.

Mr. SHERWIN. It is so in all commercial countries at all times, is it not?

Mr. SCAMMON. I think it is.

Mr. SHERWIN. Is it not so largely with our currency to-day? Is there not a great deal of that kind of currency afloat which does not appear in this statement of the Secretary of the Treasury?

Mr. SCAMMON. I think not.

Mr. SHERWIN. What were the items of the currency in 1872?

Mr. SCAMMON. I do not carry them in my mind. My memory is not good as to the particular items, but I will give you the statement.

Mr. SHERWIN. I want to know the principal items that composed the currency at that time, whether they were legal-tender notes, national-bank notes, compound-interest notes, or what?

Mr. SCAMMON. I cannot give you a statement now, but I will furnish you with a statement, and send it in, showing of what, in my opinion, the currency consisted. But I wish to say another thing: Whenever you are on the down-hill road, and whenever you are contracting the currency, it is like a coming pestilence; the fear of it kills more than the pestilence itself. The apprehension of a scarcity of money causes a vast deal of hoarding by everybody, and the banks begin to sort out each other's notes and send them home, so that they diminish the volume of currency more than three times the amount of the actual notes that are sent home for redemption.

Mr. SHERWIN. You say that the law of supply and demand (which is God's law) is that which controls us in monetary matters?

Mr. SCAMMON. I think so.

Mr. SHERWIN. State to the committee, pointedly, how you think that this law of supply and demand can be left so as to work fairly in currency matters.

Mr. SCAMMON. Just exactly as it was left in the State of New York before the war. There there was no limit to the currency except as to the amount of bonds that the banks could get. If more money was wanted at any time to move the crops, the New York banker sent up his bonds to Albany and deposited them and took out the currency. After the crops were moved, and when money became more plentiful than was needed, the banker returned his bills to Albany and took up his bonds and sold them. I think that that could be done exactly by the system of interconvertible bonds.

Mr. SHERWIN. Is not our national-bank note system just such a system?

Mr. SCAMMON. Yes; it is just such a system, with this exception, that the whole business of the country and all the finances of the country are placed under the control of the national banks.

M. SHERWIN. Under the national banking act anybody who has money can start a bank?

Mr. SCAMMON. Yes.

Mr. SHERWIN. Five hundred laboring men by putting in a hundred dollars a piece can start a national bank?

Mr. SCAMMON. Yes.

Mr. SHERWIN. Then how can you have a monetary system more free

from monopoly than just such a system unless you abolish property entirely?

Mr. SCAMMON. There are conditions to the establishment of a national bank. You have first got to form your association, and you have also got to introduce the element of trust between man and man. But if you had it so that every man could go to the Treasury with his notes and get bonds, and could then return his bonds and get money again for them, you would have a simple matter.

Mr. SHERWIN. You would only diffuse the tyranny of capital after all?

Mr. SCAMMON. I have not said a word about the tyranny of capital; I hold to capital, I hold to property. This is what I complain of: There are two parties making war upon property. One is the socialist, the other the moneyed man. Property is a very great blessing. I want property to be free; I want to have every man's property protected; but I do not want to give one species of property the advantage over another.

Mr. SHERWIN. You have a reputation in the West as a philanthropist as well as a man of capital. Would it not assist business and assist laboring men, for instance, to instruct them and show them how they could operate to become their own bankers under the national banking act; how by their small savings five hundred of them, putting in $100 a piece, could start a bank and have it under their own management?

Mr. SCAMMON. I have no doubt that co-operation is a philanthropic and wise policy, and that it will be adopted in the future to a greater extent than it has been heretofore. The kind of information that you speak of is always useful.

Mr. SHERWIN. Do you not know that in Germany they have just such banks—except that they are not banks of issue—where the laboring men have formed co-operative societies and have established banks which have been of great use to them?

Mr. SCAMMON. I do not know how it is now. When I lived in Germany it was not so.

Mr. SHERWIN. I take Mr. Tom. Hughes's statement for that.

Mr. SCAMMON. Mr. Hughes is a philanthropist and a wise man from the standpoint that he takes. I have no doubt that our national banking system is the best banking system that ever existed in the world.

Mr. SHERWIN. Then the principal objection that you have to the national banking system is the power which you think it gives the banks to control the money of the country, to make factitious prices and to make money scarce?

Mr. SCAMMON. I do not know that I have said anything against the national banks at all.

Mr. SHERWIN. Would you have national banks coexist with the issue of money by the government?

Mr. SCAMMON. I have been educated as a conservative old-line whig, and I am always in favor of proceeding in all legislation in a conservative way. If I had my way I would let the national banking law alone just as it is until this other experiment is tried. If my views are correct about the interconvertible government bond, then by the time that the charters of these national banks expire it will be very easy for the government to wipe them out without producing any disturbance of public confidence.

Mr. SHERWIN. If it should turn out that the government should issue money, what would be the rule by which the government would determine the amount to be issued?

Mr. SCAMMON. I think that until the government debt is paid off that would determine it.

Mr. SHERWIN. You would issue money enough to pay off the debt?

Mr. SCAMMON. I would have the government issue its own paper for every dollar of expenditure by the government; I would have the government use all the coin that comes in, which is not demanded for the redemption of its own paper, in paying off the government bonds. That experiment would determine whether my views are correct or not. My opinion is, that there is no demand for gold and silver in this country for money. Everybody that I know prefers a national-bank note or a Treasury note to gold or silver.

Mr. SHERWIN. Secretary Sherman stated that he has paid over $100,000,000 of bonds in national-bank notes and legal-tender notes. Does not that meet the idea which you have advanced?

Mr. SCAMMON. Just as far as you use the credit of the government for currency, just so far you accumulate the volume of coin which you may use for paying off government bonds.

Mr. SHERWIN. Do you think that the Secretary of the Treasury could have paid out this $120,000,000 of paper currency if he had not provided a specie reserve for the redemption of the greenbacks?

Mr. SCAMMON. That involves a great many things. I think that if the Government of the United States had declared five years ago that there was to be no legislation about resumption, but that the government notes and the national-bank notes would be received for all dues of the government, we should have been at par four or five years ago. Nobody would have wanted coin.

Mr. SHERWIN. Has there ever been such a currency in such an amount kept at par?

Mr. SCAMMON. I do not think that there has been, but there never has been such a country as America before.

Mr. SHERWIN. Then it is merely an opinion of yours—an experiment?

Mr. SCAMMON. Yes, it is an experiment; but Prussia never found any difficulty in circulating at par all the Prussian bank notes that the government chose to issue.

Mr. SHERWIN. Would it be safe legislation for the government to depart from a principle of currency which seems to have been in use by all civilized nations in order to enter on a course in which there has been no experience?

Mr. SCAMMON. I do not know anything American that is not an entire departure from the other experience of men. The Lord Almighty made a great ocean between here and Europe, and if not we could never have established an independent government or maintained a republic. I do not think that we want to look behind us to Europe, Asia, or Africa. I think there was a time when it was important to do so—during the infancy and childhood of the country. But we have now arrived at its manhood, and we had better remember what the old Methodist psalm says, "Look not behind you; remember Lot's wife."

Mr. SHERWIN. The laws of commerce and the laws of human nature, I suppose, are the same here as in England, Prussia, and France?

Mr. SCAMMON. I do not think that they are. The idea that all power comes from the Crown, and the idea that the nobility and gentry possess all the wisdom of a country, are European ideas. I think that they permeate everything there. I think that while they were good for us in our infancy and childhood, they are not good for us now. I think, on the contrary, that our own statesmen are wiser in everything that relates to the public good for this country than any European statesmen

are, for I have no doubt that English statesmen are wiser for what re lates to England.

Mr. SHERWIN. What effect has the fact of England being an aristocratic government on the money question?

Mr. SCAMMON. It has this effect: It is another form of the doctrine that all power comes from the Crown.

Mr. SHERWIN. You do not say that that underlies the financial system of England?

Mr. SCAMMON. I say that it underlies the entire financial system of England, just as it underlies the constitution which formed the Constitution of the United States, when the Constitution gave to the little States of Delaware and Rhode Island the same power as it gave to the great States.

Mr. SHERWIN. Would it not be better to leave the issue of paper money to the people themselves, through the banks, with certain restrictions as to security, and let the banks issue it? Would not that take away this element of government interference?

Mr. SCAMMON. I understand that the difference between a free people and a free government, and a monarchical people and a monarchical government, is this: not that both countries do not require a government, but that in the one country it is enunciated that all power rests in the people, and that it is the aggregate wisdom of the people that is to determine the form of the government. Whereas the notion in Europe and Asia is a patriarchal notion. In Asia they look up merely to the head of the family, or to the head of the tribe, for all power. Europe is merely a half-way house between despotism and freedom; it is a country of limited monarchies, and you will find that all the opinions of Europe (growing more republican as you approach the Atlantic, and less republican as you go east) are all saturated with that idea; while the idea that the people themselves can make and create a currency is a purely republican idea.

Mr. SHERWIN. Currency must be based upon an exchange of property. The demand for it comes from exchanges of property.

Mr. SCAMMON. Yes, but what is a bank? How was the first bank established in New England? It was in this way: The people in a small neighborhood had not the means of commerce to do business among themselves, and they came together and brought in their little money, and made a pool of it. If they put in $25,000, they issued perhaps $50,000 of paper, and lent it out to each other. It was substantially a government bank, but a government bank of that little neighborhood, of that nucleus of citizens. That was the beginning of American banking. What I think the government should do is substantially the same thing. I am not opposing national banks, but I am saying that we want more currency.

Mr. SHERWIN. Do you not think it wiser for the government to keep its hands off, and leave this furnishing of the money to the banks, the government simply providing that it shall be properly secured?

Mr. SCAMMON. In my principle I do not make any distinction between the government and the people. I understand the government as the organized governmental expression of the will of the whole people.

Mr. SHERWIN. Supposing that 500 men here had a surplus of $100 apiece, and felt inclined to go into the banking business, and that there is a law which enables them to do it, but that the government has monopolized the issue of money. Do you think it right for the government to assume that position?

Mr. SCAMMON. I do. I think that the government is the people.

Mr. SHERWIN. But that would be an antagonism to the people.

Mr. SCAMMON. No; the government is the people. The trouble with our finances is this: Immediately after the war, Mr. McCulloch went into the Treasury with the same ideas that he had while he was president of the State Bank of Indiana. He had the idea that the Treasury was his bank; and that idea has been followed by every Secretary of the Treasury since. They have run the Treasury with the idea that their bank must be taken care of, no matter what may be done with the people. Therein has been the fallacy.

Mr. SHERWIN. Then it is not safe to intrust the government with these matters all the time.

Mr. SCAMMON. O, yes; but it is safe to have the people instruct their representatives.

Mr. SHERWIN. The people did instruct the representatives who passed the contraction law, and you have found fault with Congress for doing so. Future Congresses will not be any better. How, then, can they be trusted?

Mr. SCAMMON. I think that the world is getting better. We have had panics and contractions from time to time, and always from one cause. I hold that if all the money were issued by the government, nobody would ever be afraid that the government would break, and therefore there would never be a run upon the banks.

Mr. O'CONNOR. Were there any savings institutions in this city prior to the panic of 1873?

Mr. SCAMMON. Yes.

Mr. O'CONNOR. What became of them?

Mr. SCAMMON. Some of them went up, and some went down. None of them exist now, or if there are any they are very small affairs. Most of the savings banks would have been good to-day if their securities had not so diminished that their customers could not pay them.

Mr. O'CONNOR. What was the cause of the shrinkage of the securities?

Mr. SCAMMON. The contraction of the currency.

Mr. O'CONNOR. How many of these savings banks were there?

Mr. SCAMMON. I think there must have been half a dozen or more.

Mr. O'CONNOR. Was there great distress produced among their depositors by their failure?

Mr. SCAMMON. Yes; very great.

Mr. O'CONNOR. What time did the crash of these institutions take place?

Mr. SCAMMON. When the panic first began the assignees and receivers of the insolvent firms deposited their money in these banks; that carried the banks along until the dividends had to be made, and then a few of the weakest ones went down immediately. The others went on until all of the dividends had to be paid, and then they went down.

Mr. O'CONNOR. Cotemporaneously with the fall of other institutions in other parts of the country?

Mr. SCAMMON. Yes.

Mr. DICKEY. How many banks in this city have failed since 1873?

Mr. SCAMMON. I do not know, but I should suppose that the majority of the banks have failed.

Mr. DICKEY. Twenty or thirty of them?

Mr. SCAMMON. Twenty of them, perhaps.

The CHAIRMAN. All since 1873?

Mr. SCAMMON. Yes.

Mr. O'CONNOR. Has the ratio of immigration to your city since 1873 been equal to what it was between 1860 and 1873?

Mr. SCAMMON. O, no. A large number of people here could not get employment, and have gone off from here into the mining districts and into the farming districts all over the country.

Mr. O'CONNOR. Then you believe that if this crisis had not come upon the country (which crisis you ascribe to the financial policy of the government) Chicago would be much more prosperous to-day than it is?

Mr. SCAMMON. O, yes; I have no doubt of that. I do not suppose that any commercial people can ever avoid ebbs and flows of business, but this panic was a flood of destruction which might have been avoided.

The CHAIRMAN. You say that you are in favor of letting the national bank law remain as it is. In making that statement did you take into consideration the question of the national bank issue, and of leaving that also as it is, to have that issue retained?

Mr. SCAMMON. I have no objection to it. I consider that question a very subordinate one to the great question of furnishing the people with an amount of currency adequate to meet the business demands of the country. I would not get up an unnecessary issue with the national banks, but if they make war upon us we would have to fight back.

The CHAIRMAN. The question is whether the legal-tenders are not a better currency than bank notes.

Mr. SCAMMON. I think they are; I have no doubt about it. But I think the legislation of England which allows institutions of that kind to go out gradually is always better than sudden destruction. I would let these old banks alone. I would let their charters expire. But I would not give them any more circulation.

The CHAIRMAN. The great bulk of national banks were incorporated in 1862, and their charters run for twenty years.

Mr. SCAMMON. Yes. So far as the banks in Chicago are concerned, it is the general opinion of the bankers here (and it was my opinion as a national banker) that the circulation was an injury to the banks. The old system of banking was like the old system of securing the manufacturing power in New England. It was by dams, by putting up great reservoirs of water, so that when a storm came and the dam gave way the catastrophe destroyed the manufactory and the people together. Now, if the government issue the currency no reserves are needed, and then the amount that is kept in the banks as are serve for their circulation could be thrown into the hands of the people.

The CHAIRMAN. The issue of legal-tender money is what Mr. Chase called cutting the credit of the government up into small strips.

Mr. SCAMMON. Yes.

Views of Mr. Joseph K. C. Forrest.

Mr. JOSEPH K. C. FORREST came before the committee in response to its invitation. He stated in reply to preliminary questions that he has been for nearly forty years a resident of the city, and a writer for the press.

The CHAIRMAN. Give us your opinion with reference to the causes that have produced the great depression in labor and business throughout the country.

Mr. FORREST. I think that the cause of the depression has been, what we call in a general way, the panic, and that that was caused by the very great increase of what I call the personal money of the country as compared with the impersonal money. The personal money of the

country that comes in and out of the clearing-houses and banks got so large in volume that the equilibrium between it and the impersonal money was lost. When the bank notes got so scarce that they could not be exchanged for impersonal credits (which is money too) the thing broke down. Jay Cooke & Co. failed, and the rest followed. In England in a similar panic, in 1866, the governor of the Bank of England testified that the bank discounted some $230,000,000 new business paper in less than three months, and paid out the entire reserve of the bank before the chancellor of the exchequer got out of his bed on the day the "order in council" suspending the bank act was passed. The object of that was to restore the equilibrium between personal and impersonal money in Great Britain, otherwise the whole fabric of British society would have fallen in pieces. In this country we had no power to restore the equilibrium. If we had the kind of money then that we had in 1857, I think the panic would have been over in a year or two, but the money was too good and the people hoarded it, and the result has been that the panic has been on us ever since, but we are now escaping it through Mr. Sherman's inflation currency. He is inflating the currency now. The clearing-houses are daily increasing the volume of currency.

The CHAIRMAN. I thought that the policy of Secretary Sherman was contraction of the currency.

Mr. FORREST. No. He says in his speech in Maine that the currency has been inflated, that he has resumed on an inflated basis. And he has done so, and he will break down, because unless you have a central bank in this country like the Bank of England, working on a specie basis, you must break down. There is no contraction about Mr. Sherman's policy. It is all expansion now. Every dollar of silver and every greenback that he issues is increasing the volume of the currency now, and if you ask me whether I would put more greenbacks into currency, I would say no, sir.

The CHAIRMAN. You are giving us new light on this question.

Mr. FORREST. The Republican party, which is the government to-day, has started this resumption, and we have got to see it through, but I do not believe that resumption can be maintained in this country without a central national bank that will discount the paper of the country, and that will have power to contract and to expand the currency according to the wants of the people. Money is a monopoly in itself just like the railroad and telegraph systems of the country, and the government must finally come to the policy of having a national fiscal agency. I am an Alexander Hamilton man.

The CHAIRMAN. Suppose that we were to repeal the resumption act, would it be necessary then to add to the volume of the currency?

Mr. FORREST. I think it would. You asked Mr. Scammon how much the present circulation was. You can only judge of the circulation by discount on paper money. If the discount on paper money rises you must stop its issue. You cannot create it out of nothing without coming to an end of that tether. There must be an equilibrium between money and other property. The policy of this country must be plenty of money. We must raise the prices of our property here higher than the prices of property in Great Britain. You are selling to Great Britain now on the low basis of your values, and are buying from her on the high basis of her values. Great Britain to-day has more money to loan than all the rest of the world besides. Her gold money is worth 9½ per cent. more than ours. I mean that the weight of gold in her coin is 9½ per cent. greater than the weight of gold in our coin, so that she offers to buy the money of the world at 9½ per cent. more than any other

country offers. We have got our warehouses full of goods, and Great Britain buys them with our watered currency, but she sells us her own property at high valuation. That is the reason why the balance of trade is always against her. We are now losing because the balance of trade is in our favor. We are giving away our property. We are undervaluing our property for her benefit, and making our money dearer for her benefit.

The CHAIRMAN. What remedy would you propose?

Mr. FORREST. I voted for Mr. Tilden because he was in favor of postponing the resumption act. You cannot resume specie payment in this country without a central national bank, but you can go on without specie payments without that central national bank, because when the discount on paper money gets too high Congress can reduce the circulation. As the prices rise, this will be a good market for Great Britain to send her merchandise to, and she has commenced sending it already. She is cutting down the prices of her labor to such a rate that she will be able to wipe out American labor. She has already got our commerce away. She is to-day mistress of the seas, and now she is preparing her financial system so that there will be no country in the world so prosperous as Great Britain will be in the next ten years. We are helping her to it, because she is getting our property for nothing. She got our bonds at 50 cents on the dollar, and paid us in merchandise at inflated prices, and now she is selling those bonds at over a dollar, and taking our merchandise at a reduction of 50 per cent. below what was its value then.

The CHAIRMAN. You would not suspend the exportation of our products to Europe?

Mr. FORREST. No; but I would raise the prices of them so that the English would have to come and buy them at our prices. The money of a country is the equivalent of the property of a country. If you are in Africa, where they have got no money, you can buy an elephant for a few beads, which elephant you can sell in London at a thousand pounds. Why is that so? It is because in Africa there is no universal equipollent of property in relation to its value in the world at large. The balance of trade is always in favor of India. Why? Because she is stripping herself for the benefit of Great Britain.

The CHAIRMAN. What remedy would you propose?

Mr. FORREST. You cannot do anything now; you have got to let Mr. Sherman try his experiment.

The CHAIRMAN. Have you anything to suggest in the way of legislation?

Mr. FORREST. I would have repealed the resumption act at that time, but you cannot do it now, because the people think that it is all right. For my part, I have a great contempt for the mass of the people. Now, as to labor: The laborer now gets only a dollar a day where he used to get two dollars a day. Of course the idea among Republicans is that the dollar now is worth as much as the two dollars were before. But there is a great fallacy in that, because the higher a man's income is the more he can lay by. My father employed 500 men on his farm in Ireland, and in that time ten pence a day was the rate of wages. Now, how much could a man lay aside out of that? But if the price of wages is two dollars a day instead of ten cents, there is some chance of a man laying by something out of his wages. During the prosperous condition of the country, all the savings banks were piling up money because the laboring classes were all earning money, but when the depression came, and when the government commenced the policy that money was

to be the only thing that was to be kept at high rates in this country, the savings banks all went to ruin. Stay-laws had to be adopted, and debts had to be repudiated. In fact, the value of property has been destroyed by making money so high.

The CHAIRMAN. Is labor very much depressed here?

Mr. FORREST. Yes; and so is property. I had a lot within four or five blocks from here that was burned over in the great fire. Then I built a house on it that cost me $30,000, and the second fire destroyed that house. The lot was valued at $600 a foot, but to-day I cannot get $100 a foot for it. Now, for Mr. Randolph to come here and say that this city is more prosperous than it ever was before the war, is the most ridiculous thing I ever heard of. Money is a monopoly in itself. You must have some power to regulate its volume in the interest of the whole people. Mr. Scammon's idea that you can have a sort of automatic arrangement of money is absurd. You cannot have it. The value of the money of a country is not determined by the credit of the government, but by the necessities of the people. The people of this country want a large volume of currency, and they must have it. George Smith's money, that you heard of yesterday, was a forced loan upon the people.

Views of Mr. William Halley.

Mr. WILLIAM HALLEY came before the committee as a volunteer witness, and stated, in reply to preliminary questions, that he was a resident of the city of Chicago, and that his business was that of printer and publisher. He read the following statement:

GENTLEMEN OF THE COMMITTEE: I have been invited to appear before your honorable committee for the purpose of communicating to you my views on the causes which have led to and continue the present depression of labor and business in the United States. I do so with pleasure, and thank Congress for this opportunity given the representatives of the laboring, producing, and trading classes to be heard before its bar, that they may tell you of their sufferings, complain of their grievances, and suggest their remedies.

I understand you propose to give the widest latitude to your witnesses, and that the evidence you are taking is not onesided, biased, or to serve any particular party. The complexion of your honorable committee, I think, ought to be satisfactory to us on this point. I shall therefore express myself to your honorable committee without doubt or reservation, and propose to be ingenuous to you without being purposely offensive to others.

My experience is varied, and my observation considerable. I have been a merchant; I am, by trade, a printer; by profession, a journalist. I have paid a good deal of attention to politics, the science of government, by which communities are created and society made civilized, but I have never been in Congress. I have been a privileged guest on the floor of the English Commons, and, by way of reversing it, a member of Denis Kearny's commons in California.

I appear here at the instance of the National party of Chicago, but will not undertake to represent the views of that party exclusively. A prominent journal of this city, in its edition of Sunday, refers to myself and colleagues as *fiatists*, and calls upon us to tell your honorable committee how our scheme is to improve the material condition of the country. In pursuance of this object, the first thing necessary is to inform you that although the great Chicago journals are excellent evidences of our energy, enterprise, and indebtedness, they by no means are to be taken as the reflexes of our veracity, our justice, or our humanity. They belong

to Wall street, the national banks, and they serve only the successful selfish classes.

The journal referred to (the Tribune) either ignorantly or maliciously misrepresents us. The National party does not favor *fiat* money, whatever it means by that. The term "*fiat*" is a word either *coined* or made prominent by the capitalistic press to scare brainless crows in the financial wheat-field. To change the *simile*, it is the thing of straw which the stalwart Republican pugilists pound to make the people believe they are fighting a monster of hideous mien. I don't know anything so grotesque, but, at the same time, so humiliating, as the way in which the whole pack of bank-bought Republican orators, from Mulligan-man Blaine to the immaculate Schurz, denounced and made faces at this scare-crow of their own invention last fall. If there were such a thing as a political cat-of-nine tails, I know no pack of political vagabonds to whose backs it ought to be more vigorously applied. I do not propose, however, just here, to discuss the financial question. I propose, with your permission, in giving my views on the present depression, not to confine myself to this one point.

Generally speaking, I look upon the present depression as being caused by a departure from correct American ideas. This departure embraces the whole of our system, social, political, and financial. But before I go into the subject in the abstract, allow me first to be local. The impression is sought to be made on your minds that this is the wrong place to pursue your inquiries. That Chicago, at least, has recovered her position of wonted prosperity; that her merchants are thriving as of yore; that real estate has recovered its buoyancy; that trade is brisk, vessel-owners making money, our farmers releasing their mortgages, employment plentiful, and wages remunerative. Do not believe a word of it. It is a cheat, to make you believe that the so-called resumption is bearing fruit. If you were to circulate *incognito* among our people you would learn the truth of my assertion. There has been some improvement within a year, but it is noticeable only because things could not be worse than what they have been. If there is an improvement, it is because our affairs, with our extraordinary facilities as the chief emporium of the vast Northwest, could not forever remain as they were. If any place in these United States should show symptoms of improvement it is this. But no legislative or administrative action has benefited us; the policy of the dominant party or the press has not benefited us; John Sherman has not benefited us; and if Chicago is slightly rearing her head once more, it is owing to the force of the resistless genius of her position and destiny, in spite of and not with the aid of the policy of the present administration and the power that inspires it.

I have inquired into the earnings of the various trades and find they are still at the minimum and work still scarce. I am told that in Massachusetts the boot and shoe business is better than here; that sewing-women still realize forcibly the sad plaint of Hood's "Song of the Shirt." The crimes of poverty, the police will inform you, are as numerous as ever. I saw a young man, a few months since, murdered by them in one of our streets because he had broken into a basement and stolen a pair of shoes to buy some bread; and as I looked upon his pale, upturned, hungered face in the moonlight, I thought of John Sherman, the honest money league, the corrupt politicians, the faithless press, and ground my teeth upon them in just indignation. I thought of the policy that made money "honest" and men dishonest; that made coin and contraction the master of enterprise and honesty, and made countless thousands mourn.

You will be told, no doubt, that money is plentiful in Chicago. Some will have the hardihood to tell you it is cheap. I will tell you, gentlemen, how plentiful and how cheap it is. It is plentiful in the vaults of the capitalists and money merchants. It is like wine in the vintner's cellar, the longer it is kept there the more valuable it becomes. It is that excellent commodity that earns while it is idle by causing contraction and cheapening property. Its cheapness may be illustrated by the fact that you cannot borrow it; neighbor will not lend to neighbor nor friend to friend. As one of your honorable committee remarked to an interviewer, "A man puts $10 in his pockets and claps a pistol on top of it." That is, provided his pistol is not in pawn. The marketable real estate of Chicago is utterly unsaleable for the want of money to buy, and a few thousands of ready cash would buy acres of it in some of the best parts of the city. "Money is cheap," cries the lying capitalistic press. According to the State legislature it is only worth six per cent. per annum, but according to the broker it is six per cent. per month. Why, the pawnbrokers have been clutching their 10 per cent. per month, and doing a land-office business in every corner of the city, whose property is shown by the display of the ominous three balls of our very kind uncles. No, gentlemen, money is not cheap and plenty. Inquire into the cause of the collapse of our savings banks and the number of our bankrupts, which is so great as to fill a large volume in small type, and you will find that what I tell you is true. A friend of mine owns the materials of a small printing office, which is stored away for want of use, with a lien of about $150 upon it. Last week he tried fruitlessly to borrow money to raise the lien and put it into use again. I went with him to a broker to negotiate a loan of a couple hundred dollars on the value of the property, which he said was worth $1,200. With the usual shyness of the money-broker, he said he did not care to invest on such security. I asked him what the usual rate was, and he said six per cent. per month, but he was more liberal than the rest and sometimes took five! I asked him, under such a liberal system of extortion, would it be any wonder if there was a real and not fanciful bugaboo, and that the communists should rise up some day and cut the throats of all his class? Of course he denounced me as a communist at once. In cases of loans of this kind, and they are thousands, does not the borrower toil daily for the money lender until he has finally to hand him over his property? There can be no other result in nine cases out of ten.

I recently published a cheap little volume here containing a selection of our most useful statute laws. It is such a volume as is necessary to everybody. Neither by agents, nor by the bookstores, nor by a personal canvass could I sell enough to pay for my time, to say nothing of my outlay or profit. The almost invariable answer was "no money to buy anything but bread and butter," and this mostly from business men. For workingmen to buy any was a thing not to be thought of. There is no money in circulation, and people are daily strained to obtain the most absolute necessaries. There is no encouragement for enterprise for the want of it.

The trade to which I belong is considered to be one of the best remunerated in the city. Printers are better paid in Chicago than any place west of New York. This is chiefly owing to the existence of an efficient union. The wages of job-printers, who are the artists of the profession, are $18 per week of 59 hours. But it requires first-class hands to hold permanent situations. But there is a gradual scaling down from this figure to the minimum of nothing at all, as there are

many who work for less wages than the union scale and dozens who do not get a day's work in a week. This is my fourth week without a day's work, and I am usually employed in one of the best offices in the city. There are some who have been longer without even casual employment, and how they live, feed, clothe, house, and cheer their families God only knows. Just now the trade is unusually dull, and there is, perhaps, twenty per cent. of the whole, union and non-union men, out of regular employment.

The causes of the present depression in labor and trade are manifold. It is long continued, and worse than that dark period of our history the time of the embargo, in the early portion of the century, showing a complex burden, a series of oppressive nightmares, weighing alike on the heart, brain, and sinews of the body-politic.

The present depression is the result, first, of an overinflation of the currency, giving rise to extravagance, wild speculation, and unwonted enterprise, followed by a too sudden and too great a contraction, which swept away before it hopeful investments and half-completed projects, reduced consumption, and brought on stagnation, idleness, and death. Not only did business and labor pass from an upright to a recumbent posture, but pernicious legislation put dead-weights upon them lest they might rise again. While thus prostrate, the money power stepped forward, and, by means of foreclosures and usurious demands, filched away property and destroyed the means of subsistence. If the purpose of what is called communism is to take from the rich and give to the poor, it is far more commendable than the action of those who have robbed the enterprising and industrious, and given their property to the already rich under the guise and sanction of the law.

Having brought about this state of affairs, the leaders of the Republican party, their pockets loaded with their share of the "divy," step forward with a cool impudence, amounting to audacity, and say to the people, "See how splendidly we have managed your affairs; we only are fit to be trusted with the care of your property."

No matter how prosperous a people may be—however great their resources and productive their arts—with a metallic currency and contracted currency they are subject to periods of depression. Money is the sinews of commerce and industry as well as of war. Controlled by a few, who make it a profitable merchantable commodity, it is capricious and oppressive; when merely coin, it is despotic; when gold alone, it is a vampire sucking the life's blood and a ghoul devouring the dead!

The Republican party, to save itself from extinction, has intrenched itself behind this damnable gold power; in short, sold itself to the devil, and it will be a blessed day when the "Old Boy" forecloses the mortgage.

The National Greenback Labor party, of which I am a member, does not, as is falsely alleged, demand that the country shall be flooded with an unlimited issue of *fiat* paper dollars. The hired orators and scribblers of the gold bugs, from bread-and-water Beecher to Mulligan's man Blaine and Cross-roads Nasby, have been making merry over *fiat*. It is, however, a "bogus baby" of their own conception. We recognize no such offspring. We believe in the three standards of money—gold, to carry on commerce with foreign nations; silver, to jingle in our pockets, and legal-tender notes, for the purpose of domestic trade and traffic. We believe that paper money should be issued by the government, and should be based on the taxation and wealth, the life, industry, and productiveness of the nation, and should be legal tender for everything within the broad borders of this great republic. This

would be at once not only a gold basis, but a silver basis, a land basis, a heart's-blood basis. We believe its volume ought to be regulated by legislation to meet the wants of the people. We believe there ought to be no national bank but the national Treasury. We believe the government should do the people's banking, and lend them money at a low rate of interest on the presentation of the proper securities. That it should use the same discrimination in doing this that banking corporations do now. We believe that the circulation of this money could be so scientifically regulated as to prevent both inflation and contraction. We believe this to be the money of the highest civilization, and alone capable of accomplishing the greatest results for humanity. We believe that this plan alone is the one that is to bring permanent prosperity and make the people of the United States once more great, glorious, and free. With it, the industrious and enterprising would not be compelled to mortgage their lives and property to six per cent. per month as long as they were able to pay it, and afterwards hand all over to the Shylocks to whom they mortgage themselves.

There are four great essentials to the life and prosperity of this Republic. They are free education, free land, free labor, and free money. Degrade labor, and you depreciate the value of education. Impoverish it, and you impoverish everything. The land cannot be free so long as the money power can put its mortgage upon it. Free money is the heart's blood of all enterprise.

Some have said the present depression and consequent impoverishment is caused by overproduction; others by overconsumption. Both are ridiculous. Overproduction would only make us richer, and overconsumption (excepting when the grass-hoppers take a hand in) would only make us more active. Certainly it is from no natural cause. No visitation of Providence has made our fields non-productive. The land has not shrunk nor become sterile, nor have the seasons failed to be bountiful. Our ports as ever have been open to commerce and immigration. The bowels of the earth have not closed upon their treasures. The arms of men have not been struck with physical paralysis. There has been no contraction by nature or labor. The cause lies alone in the scarcity of money and failure of credit. Money is scarce because it has been withdrawn from circulation, and credit is bad because it has been overburdened and abused. Nothing has been done to assist time in restoring the one or the other. Hence enterprise, industry, and development cease. Men go idle. Their ability to earn and consume has not been restored. They contract new debts instead of paying off old ones. There is an over non-consumption, and the farmer can get no remuneration for his produce nor the manufacturer for his goods. The farmer, instead of finding the laborer a profitable customer for his produce, finds him a daily burden in the form of that demoralized workman, the unsavory tramp. The manufacturer, instead of a consumer, finds him an enemy. And thus, instead of going forward, we go backward like the crab. And no legislation, no statesmanship has come to our aid, because our political servants are political hucksters, looking after the spoils and emoluments of office, instead of following the dictates of a wise economy. They have "strengthened the public credit" to be sure, and converted the bondholder's currency bonds into gold, and demonetized silver and contracted the circulation. And as the Secretary of the Treasury contracted so did the people themselves, and thus brought on this frightful collapse. The public credit has been strengthened at the expense of the private credit of the people.

I charge our political system, or rather perversion of our system, with

many of our present evils. We have created a political aristocracy with the evil brood of American lawyer-politicians. We have intrusted our fortunes almost exclusively to his keeping. He studies ring-craft instead of national statesmanship. He is ever at the beck of the lobby, and sees in every corporation a client, in every act of legislation a profit. Instead of being the attorney of the people he is elected to serve, he becomes the attorney of schemers, public plunderers, overshadowing corporations, and remorseless monopolies. We are law ridden and corporation ridden.

The Pacific coast has had its prosperity destroyed by the Central Pacific Railroad monopoly, the creation of Congress. It received public money enough alone to honestly build its road. The twenty millions acres of land it received as an additional bonus, remains unsold and is held for speculative prices. During the past ten or eleven years it has been allowed to filch, according to its own showing, $132,000,000 from the pockets of the people for freights and fares. Instead of constructing its road with white labor and settling it upon its lands, it imported cheap Coolie labor from China, and degraded white labor to its level. It drove and is still driving the pre-emptors off the public lands and gobbling them up for themselves. No tyranny has been more grinding, no sway more despotic, than that of the four men who now own this vast property. I cite this as a sample of what lawyer-legislation and Republican rule has done for the Pacific slope. The State of California, which possesses every resource under heaven, now lie scrushed and bleeding under the wheels of this real juggernaut.

The South lies prostrate from war, from ignorant and rapacious rule, and the absence of a circulating medium, with which to restore what has been destroyed, to renew the activities of industrial life and the development of her vast resources. The West has literally been "sat down upon" by the legislation of the money power, and her agricultural and laboring interests flattened out. The East is paralyzed because the South and West are unable to purchase her fabrics, yet we have heard no remedy for this but the hollow mockery of resumption; yes, a resumption of our inactivity, our misery, and our wants. We have had an extra session of Congress wasted on a costly battle for party supremacy and the consequent spoils of office. No extra session was called to provide a remedy for the depressed condition of the country—to lift industry up and place it again upon its feet. A wise statesmanship should always provide for exigencies. When the clock of our prosperity was allowed to run down nothing was done to wind it up again. France, our sister republic, which does not suffer nearly as much as her "honest money" neighbors, England and Germany, proposes to tide over the "hard times" by expending $800,000,000 on public works; and what are her demands for public works compared with ours? A mere bagatelle. But that much money spent in employing idle labor in a similar manner here would alone be sufficient to put the blood of business in active circulation, hurry up enterprise, and restore general prosperity. When your honorable chairman proposed in Congress a public loan to the poor and idle that they might settle on the waste lands, he only received a deaf ear.

The administration tell us triumphantly they have paid off so many millions of the public debt. On the contrary, they have increased it. It is now vastly greater than ever. Not in dollars by the count, to be sure, but in dollars by the value, for the gold dollar of to-day is worth double the gold dollar of ten years ago. I believe it will buy three times as much land, either farm or city.

There is at present a lively conflict between labor and capital. The

former feels it is enslaved and is endeavoring to emancipate itself. The balance of trade in our favor as against foreign nations, especially the manufacturing nations, shows a reduction of wages to an approximation with the European standard. It is true that to our natural products and superior machinery this balance is greatly due, as well as to our system of tariff protection. I believe that in this matter of tariff protection the laborer has much to complain of. He has been egregiously swindled by it and remorselessly robbed. The great argument used by its advocates was that a high tariff would reward the American toiler, because it would protect him against competition with the cheap labor of Europe, and give him a share in the profits of his industry and elevate and dignify him. We see now how hollow was the pretense. Why, instead of this tacit agreement being carried out, the face of the toiler is ground, his stomach empty, his body badly clothed, his children in squalor, and his "dignity" gone to the Devil. On the other hand the manufacturer has become a baron, running great factories, presiding over a national bank, owning gas and railroad stock, and rolling in wealth generally, and as arrogant and unmindful of the poor as those who become suddenly rich always are. I believe in protection as I do in machinery, but the operative has been robbed out of his just benefits in both. Not only has the laborer been cheated, but also the farmer and general consumer. The manufacturing lords having got their high tariff to preclude foreign competition, lowered wages and kept up prices formed combinations and rings to monopolize business, thus destroying a healthy home competition. The farmer groans from this cause the same as the laborer, and the result is that his land is mortgaged beyond hope of redemption to the money loaner, the implement maker, and the storekeeper. It is only the latter that helps him, and he, too, suffers with the farmer and laborer. Every day capital and the labor-buyers become more arrogant and heartless. The selfishness of our social system has become such that a strong political organization of wage-workers known as the Socialistic Labor Party has been formed here to combat it and establish in the place of the selfish system a paternal or co-operative one. As there are representatives of that party here to speak for themselves, I will not attempt to tell you what they hope to realize. They make the mistake, however, of assuming that currency has nothing to do with the welfare of labor. Might as well believe that the free circulation of blood has nothing to do with the health of the body.

The National party of Chicago is in favor of eight hours' labor as a full day's work. The great surplus of labor in the market and the vast productiveness of machinery calls for this resettlement in favor of shorter hours in every branch of practical employment.

Let me call your honorable committee's attention to the stigma that is sought to be put on the brows of God's good people, the laborers of the land, "those builders up of stores and preventers of the famine and the dearth," by the robber press of this city. They call "communists" at us every day. If they mean by this term of reproach to imply as would seem, that we are thieves, incendiaries, and cut-throats, they lie, and they know they lie. We are simply men struggling for a modicum of our rights as American citizens. We stand in the shadow of the Constitution. If to say with Washington, "the price of liberty is eternal vigilance," makes me a communist, I am a communist; if with Hamilton, to believe in political rectitude and purity of public conduct, makes me a communist, I am one; if with Jefferson and Theodore Parker, and Abraham Lincoln, to recognize this government as a "government of the people, by the people, for the people" is rank communism, then I

am a rank communist; if with Andrew Jackson, to believe that overshadowing corporations are a curse is communism, I believe in the doctrine; if with Benjamin Franklin, to favor our citizen franchise, makes me a monster, I am a monster; and if with Wendell Phillips, to believe that the poor should be protected against the rapacity of their robbers, is a crime, then am I a communistic criminal; and if with George W. Julian, to believe in legislation for human life as well as for bricks and mortar, makes me a communistic cut-throat, then am I a communistic cut-throat. I do not believe in violence as a remedy for the people against their oppressors. Disorder is the poor man's worst enemy. There may, however, be a limit to forbearance; it may some time cease to be a virtue. But we have a potent remedy in the ballot, the crowning glory in the fabric of political rights. But we have a perfectly free ballot yet to contend for. Having made it as free as thought, free from *surveillance*, and doubt and dread, we must learn to unite upon it. Until we do that we are yet slaves. We must have a third party of free money, free labor, and free land. We must dispense with lawyer-legislation and corporate control; we must have laws only that will do "the greatest good for the greatest number" in fact as well as in theory. In conclusion, gentlemen, I appeal to you in the interest of oppressed, patient, and down-trodden labor; labor which has given the world all its wealth; labor which has adorned and made fruitful the earth; labor which ennobles humanity and gives potency to brain, nerve and sinew; labor which is the hope of the nations, the reliance of sovereigns, the glory of science, the consummation of art, the handmaid of religion; labor which conquers all things; which utilizes the elements, harnesses the lightning, and disarms the thunderbolt. It alone is the gospel and the salvation.

Mr. DICKEY. What do you mean by the free ballot?

Mr. HALLEY. I mean that the workingman's ballot is not now free. As the saying in the South was a few years ago in regard to the negroes, the workingman is "bulldozed."

Mr. DICKEY. Do you mean that the workingman's ballot is a marketable commodity, which he puts into the market and sells?

Mr. HALLEY. I believe that that is the case to some extent, but that is not what I mean. I mean that the workingmen are not free to go and deposit their ballots.

Mr. DICKEY. Do you mean that the corporations who employ them threaten to discharge them if they do not vote in a particular manner?

Mr. HALLEY. That is one reason; and the other reason is that they are not given time to vote. I thought it a most extraordinary thing, when I was in San Francisco in 1876, to see placards posted in some of the largest manufacturing establishments (more especially those that had some of the patronage of the Federal Government), stating that those employés who had the welfare of that establishment at heart were expected to vote the Republican ticket. The same thing has been done in this city.

Mr. DICKEY. Then you mean that the employment of laboring men is threatened, and that they are bulldozed?

Mr. HALLEY. Yes, sir.

Mr. DICKEY. What do you mean by free land?

Mr. HALLEY. I mean land free from mortgages.

Mr. O'CONNOR. Do you propose to repudiate the mortgages?

Mr. HALLEY. No, sir.

Mr. O'CONNOR. Or do you mean to have a law passed prohibiting men from mortgaging their land?

Mr. HALLEY. No. I mean that men should be so prosperous, and that their labors should be so remunerative, that they could pay off their expenses; that there should be money enough in circulation to make them prosperous. I would give them an opportunity to pay off the debt upon their property, and to realize something. They are now going in debt in order to keep themselves afloat; and, in consequence of the present state of affairs, they have to mortgage their property.

Mr. O'CONNOR. You do not mean that the land should be free for any body to squat upon?

Mr. HALLEY. No; but I do mean that the public lands should be free to pre-emptors. That is not the case now. Ten millions of acres of the public lands have been given to railroads, and twenty millions of acres of land in California are held by the great corporations on the Pacific coast, and men who attempt to pre-empt on that land (whether government land or not) are driven off. Three hundred settlers have been driven off land in the Tulare Valley.

Mr. O'CONNOR. What do you mean by free money?

Mr. HALLEY. The money of the government.

Mr. O'CONNOR. You mean free from the control of outside corporations?

Mr. HALLEY. Yes; free from being made a merchantable commodity and cornered.

I would like to make one or two remarks in reference to the labor question. One of the witnesses was asked yesterday whether the action of trades-unions was not tyrannical towards their members. I know that it has been frequently stated that the trades-unions are tyrannical, but that is a mere superficial view of the question. It would be tantamount to saying that the laboring men have no right to combine. The lawyers combine, and form associations and establish rates. The physicians do the same thing; manufacturers do the same thing; all classes do the same thing. Why should not laborers do the same thing? Here in this city we have a board of trade, which combines for the purpose of robbing both the producer and consumer, and yet no particular fault is found with that combination. But when the workingmen combine to protect their own interests, they are regarded and denounced as communists.

Mr. DICKEY. Are there not instances where members of trades-unions have used force to prevent other members from working at prices for which they were willing to work?

Mr. HALLEY. I know of no such instance. But if a man enters into an agreement he is bound to stand by it. His honor and moral rectitude are his guides in the matter. If a member of a trades-union refuses to stand by it, he is renounced; that is all. We have one institution in this city called the stock-yards, which is a very important factor in the trade and industries of the city. A very large number of men are employed there. These men are greatly abused. They are compelled to work fifteen or sixteen hours a day in the most stifling and most unwholesome of atmospheres. I think that it is wrong that we have not in this country such sanitary regulations as they have in England, not merely to regulate the hours of labor, but to regulate the conditions under which labor shall be carried on. We complain, also, here of the monopoly of street railroads. Everything else has been reduced in price except the fare of the street railroads. The street railroad companies constitute a very great monopoly in this city. Everybody has to contribute to them, yet there has been no such thing as a reduction of fares.

Mr. DICKEY. What are the rates now?

Mr. HALLEY. Five cents a ride, and it has been so all the time. There is another thing that I wish to refer to as a matter which I think would greatly tend to the dignity of labor, and would give satisfaction to the laboring classes of the country. That is the establishment of a labor bureau by the government. As the government looks after the increase of commerce and trade it ought to have the same regard for the life and welfare of its producing population. It is because we are simply emerging from barbarism and have not yet thrown off the shackles of the barbarous ideas of the past that such a thing has not been provided for heretofore. We hope that it is one of the things that will be provided in the future.

Views of Mr. John H. Kedzie.

Mr. JOHN H. KEDZIE came before the committee as a volunteer witness. He stated in response to preliminary inquiries that he has resided in Chicago over thirty years, that he is a real-estate owner, and that his occupation is mainly in taking care of what real estate he possesses.

The CHAIRMAN. What, in your judgment, has been the cause of the depression in the labor and industries of the country?

Mr. KEDZIE. Mr. Douglass, the manager of the Mercantile Association, who keeps his room in the only finished block of buildings that went through the fire, said to me yesterday that if he should come down town to-morrow morning and find that building in ruins, and if any one should tell him, when he inquired as to the cause of the fire, that a boy had fired a pop-gun against it, he would take the liberty of disagreeing with him. In other words, Mr. Douglass's idea, in which I coincide, is that a world-wide depression, and a financial revolution that has affected almost every civilized country on the globe must have had an adequate cause. This cause I believe to have been twofold. There was what was called the era of indebtedness (which culminated in 1875), in which all the nations of the world became largely indebted. It was an era of expansion. The amount of indebtedness corporate, municipal, State, and national is set down by competent statisticians at about $32,000,000,000, a sum which we can express in figures, but hardly grasp in our minds. This sum was independent of all private indebtedness. But the large amount of indebtedness was not alone a sufficient cause to produce the revulsion that we have witnessed, for this indebtedness was stimulated and encouraged largely by the corresponding expansion in the circulating medium of the various nations of the world, and if that circulating medium had remained as it was then, proportionate to the amount of the indebtedness of the world, and simply a check put upon future expansion, the world might have recovered its prosperity without any great revulsion. But at just about this time the demonetization of silver took place throughout almost all of the civilized world. England, it is true, had demonetized silver in 1816, and had escaped the penalty of that act until about 1877 for the reason that she was the only gold country in the world, and that she was surrounded by silver-using countries, so that she could readily unload her silver upon France and Germany, and did so with the utmost ease, experiencing no inconvenience from the demonetizing of silver. But Germany in 1871 demonetized silver (which took effect practically in 1876), and then Germany, instead of being a recipient of English silver, became a seller of silver and unloaded its silver on London. At the same time France (the only prosperous country almost in the world) found it necessary to restrict

her silver coinage because she could not afford to be the dumping-ground for all the silver in the world, and so she shut down her gates on the coinage of silver. England then found that instead of unloading silver with such facility on her neighbors her neighbors were unloading theirs upon her. Then England experienced something of the hard times that she had been dealing out to other nations. You perceive, therefore, that the other cause of the depression (in addition to the inflated era of large debts) was the demonetization of silver almost all over the world.

Mr. DICKEY. What amount of money was stricken down by the demonetization of silver in the world?

Mr. KEDZIE. An incalculable amount. Almost one-half of the circulating medium of the world was destroyed by the demonetization of silver because silver was nearly half of the specie basis of the world, and all sensible men must realize the fact that the paper currency, if redeemable in coin, must sustain a certain fixed relation to the amount of specie. Now, cutting off one-half the specie was pretty nearly equivalent to cutting off one-half of the paper also, thus reducing us to nearly one-half of the circulating medium which we had formerly enjoyed. It is true that, including all our specie and paper money of every kind, we have in this country (not in circulation, but in existence) about $1,000,000,000 of money, but fully one-half of that, I believe, is locked up either in the Treasury or in other safe places, so that not more than one-half the amount (or say $500,000,000) is in actual circulation.

The CHAIRMAN. Do you include currency and coin in that?

Mr. KEDZIE. I do. That, in brief, is my opinion of the cause of the hard times. The cause is twofold. The inflation which preceded the panic was the preparing the train, as it were, and the demonetization of silver was the firing if off, and the two conbined have produced the revolution which we are experiencing.

So far as Chicago is concerned I would like to correct some of the errors of preceding witnesses, and I have the statistics with which to do so. Chicago is exceptionally prosperous. That is, it is exceptional in regard to the rest of the country. There are several causes for its prosperity which I need not dilate upon. One is our small bonded debt. This debt is, in round numbers, $13,400,000; but $4,540,000 of that is really no debt of the city at all. It is a water debt provided for by the water revenues, and is no burden on the city at all, so that our bonded debt is in reality only between eight and nine millions of dollars—a very small debt compared with other cities—and that gives us correspondingly light taxes, taxes much lighter than some of the witnesses imagine. Our rate of taxation for city and county in the past year was 3.72 per cent. on the assessed value of property. The city tax was 2.87, and the county tax 85 cents. But that tax is on a valuation which is not more than one-third of the actual value of the property, so that our taxes do not exceed (State, county, city, and every other kind) 1 per cent. on the actual value of the property.

The CHAIRMAN. You are a great deal better off in that respect than most of your neighbors.

Mr. KEDZIE. We are. Another error has been made as to the amount of back taxes. It is not nearly as much as has been supposed. The amount of back taxes for the county is less than $500,000; and for the city (irrespective of what I shall allude to presently) $660,000; so that the back taxes on property sold and forfeited, both for city and county, is only in the neighborhood of $1,000,000. Besides this, there are what are called the taxes of 1873-'74. A large amount of the taxes for that year

went unpaid on account of the authorities attempting to collect them under an unconstitutional law. This defect has now been remedied by a new law, and these taxes are being collected and will soon be paid up to the last dollar. They amount to less than a million of dollars now. They were at one time in the neighborhood of a million and a half of dollars, but they have been brought down to less than a million of dollars.

Mr. DICKEY. You assume that the property here is assessed for taxation purpose at one-third of its actual value?

Mr. KEDZIE. Yes, sir.

Mr. COWGILL. Is that the fact in regard to personalty as well as to realty?

Mr. KEDZIE. It is, excepting that a large share of the personalty goes untaxed entirely. Being invisible, it is not found by the assessor.

Mr. COWGILL. If you have $5,000 in cash when the assessor comes round to you, does he assess you on that amount, or does he make the corresponding reduction the same as he does on real estate?

Mr. KEDZIE. He makes the same proportionate reduction. If a man had $6,000 in cash and should honestly tell the assessor so, the assessor would set him down at $2,000.

Mr. DICKEY. Does the law authorize that?

Mr. KEDZIE. Yes.

The CHAIRMAN. Do you assess money here?

Mr. KEDZIE. Most assuredly.

To prove the correctness of my assertion that the demonetization of silver is the cause of our present financial distress, I refer you to the fact that financial distress prevails in every country of the world that has demonetized silver, and that in the only country that has not demonetized silver, and that has still its full quota (France, and some of her dependents in the Latin Union), there is now a high degree of prosperity. England demonetized silver and is now (although for a long time she escaped the legitimate consequences of her action by shouldering it on to her neighbors) suffering the effects of it. Germany has done the same thing. The Scandinavian nations have done the same thing. The United States has done the same thing. And in all those countries they are experiencing all the symptoms of hard times, while France, the only country that has not demonetized silver, is enjoying prosperity. I therefore cannot see how to escape the conclusion that this folly (as I believe it to have been) of cutting off half of the specie resources of the country is the cause, not of the original panic (because a panic is easily created, and would have lasted only a few weeks if there had been nothing wrong in our financial condition), but of the hard times which we are now experiencing.

The CHAIRMAN. What was the date of the demonetization of silver by Congress?

Mr. KEDZIE. Silver was demonetized in 1873, but the fact was not known until 1875 or 1876. It was demonetized at a time when silver coin was not in use, and the people did not know it, and members of Congress did not know it.

Mr. O'CONNOR. Has the remonetization of silver by the Forty-fifth Congress had any effect in bringing about a revival from the depressed condition previously existing?

Mr. KEDZIE. I am glad you asked that question, because I believe that the remonetization of silver has assured us, at some future day at any rate, a bimetallic basis. The people have now confidence that that basis will be realized, and we hope that it will be realized in the very soon future. We look for it this side of the 1st of January. That be-

ing the case the people have, so to speak, discounted this certainty (as they understand it) of a bimetallic standard, and they are beginning to act as if the bimetallic standard were practically established.

As to the failures in Chicago and elsewhere. The failures in Chicago for the first half of 1878 amounted to 215, and the aggregate amount of liabilities to about $8,753,000. The failures during the corresponding period of 1879 (now just expired) were only 79 instead of 215, and the aggregate liabilities were only $1,340,000 as against $8,753,000. During the last three months of the year 1879 the failures in Chicago were only 9, and the amount of liabilities only $439,000, showing a very high degree of commercial prosperity. I ought to say, however, that this falling off in the number of failures and in the amount of liabilities is partly accounted for by the fact that prior to that time all but the strong men had gone under, and that there has been but little material left to fail.

In regard to real estate, the same degree of prosperity does not exist at all. There has been little, if any, improvement in real estate. It is true, I think, that the bottom has been reached, and that there will be no further decline; but there is the hope of a future recovery based upon the hope, as I said, caused by the remonetization of silver. But that hope is all in the future. We have as yet experienced none of its benefits to speak of. The present prices of real estate, in comparison with the prices that prevailed in 1873 and prior to that time, show, for the very choicest property, about one-third depression, so that such property now represents only about two-thirds of its former value. But the most of the property, and perhaps the average of the property in Chicago, is now worth not more than 50 per cent. of its former value. Some of it is worth less than that. Some of it is not worth more than 25 per cent. The average of the whole, I suppose, would be about 50 per cent. The depression in rents, so far as I can judge, is pretty universally down to one-third of the former rates. The rents have depreciated more than the property, because people are not willing to sell property as low proportionately as they are willing to rent it, and so rents have depreciated more than property has. They are now about one-third of what they were.

The CHAIRMAN. You have no hesitation in saying that there has been great distress in this city for the last seven years as to its industrial pursuits and as to the question of labor?

Mr. KEDZIE. None, whatever.

The CHAIRMAN. It was represented yesterday that Chicago had never been in a condition of greater prosperity.

Mr. KEDZIE. That is a very wild assertion.

Mr. DICKEY. Admitting that there is a general depression in the business and labor interests of the country, what remedy, if any, would you suggest to the committee?

Mr. KEDZIE. The immediate recoinage of silver equally with gold is, in my opinion, the principal remedy. In other words, I would have Congress undo the wrong which a former Congress has done.

Mr. MARTIN. Would you affect the paper currency in any way?

Mr. KEDZIE. In regard to the paper currency my views are conservative. Congress has fixed the amount of greenbacks at $346,000,000. I would not ask Congress to disturb that. The national banks are free to enlarge their currency as the wants of trade may suggest. They would do it if there was a specie basis on which to act. It has been said by a great many that there is plenty of money now in Chicago and everywhere, and that money goes begging at four per cent. interest. I have to say in reply to that that there is plenty of money for all the

uses to which money is applied, but money now is applied only in the most restricted and necessary operations of society. No large enterprises, comparatively, are undertaken, and real estate does not move at all. A few days ago I said to the cashier of a bank, who told me that there was plenty of money, that there was plenty of money for skirmishing on the surface, for transfering wheat and pork, and those ephemeral articles that are produced every year, but, as to the moving of real estate of the country, or as to great enterprises, there was not anything like money sufficient to answer the demands of business.

Mr. MARTIN. Then why not increase the circulation?

Mr. KEDZIE. I would do so.

Mr. MARTIN. To what extent would you increase it?

Mr. KEDZIE. To the extent that there is a call for it.

Mr. MARTIN. Give us your idea. Would you double the present volume of currency?

Mr. KEDZIE. I think the time will arrive within the decade in which probably double the present amount will be required.

Mr. MARTIN. You do not think that that time is now?

Mr. KEDZIE. I would not force it. I would lay the foundations for it, but I would not force money faster than it is called for.

MR. MARTIN. Would you make the paper currency convertible into coin?

Mr. KEDZIE. Always.

Mr. MARTIN. Would you have enough to float it at par?

Mr. KEDZIE. Yes.

Mr. MARTIN. And no farther?

Mr. KEDZIE. No further. I am not asking for any radical changes. National-bank notes are not legal tender, and I think with Mr. Sherman that it is just as well that they are not a legal tender when they are redeemable in gold.

Mr. SHERWIN. You would increase the circulation by increasing the coinage of silver?

Mr. KEDZIE. Yes; by laying broad the foundation. Then paper money would be issued by the banks as fast as it was needed.

The CHAIRMAN. You would perfer leaving the amount of legal-tender notes where it now stands, at $346,000,000?

Mr. KEDZIE. I would prefer not to meddle with them at present, because that is a matter of secondary importance. I consider the free coinage of silver as a matter of primary importance, and when that is carried into effect, it will perhaps give us as large a currency as we want.

Mr. MARTIN. Would you have an unlimited coinage of silver?

Mr. KEDZIE. Certainly; I would have it free to all.

Mr. MARTIN. Whatever bullion is brought into the Treasury you would have put into money?

Mr. KEDZIE. Certainly. That was the case up to 1873, and nobody was injured by it.

Mr. SHERWIN. There was then the same amount of silver in the dollar as there is now, 412½ grains?

Mr. KEDZIE. Yes. I believe, however, that the time will come in which perhaps a less amount of silver will be equal to a dollar in gold.

Mr. O'CONNOR. Do you think that the production of silver is less than the production of gold?

Mr. KEDZIE. No; but we must have an international agreement fixing the rate of silver and gold at 15½ to one. I believe that if we had free coinage at that rate silver would circulate.

Mr. SHERWIN. You expressed the opinion that the panic was caused by the demonetization of silver?

Mr. KEDZIE. No; I say that the panic was caused by the failure of Jay Cooke & Co. That is what struck the alarm. The failure of Jay Cooke was the spark which set the thing off.

Mr. SHERWIN. Then it was not the demonetization of silver that caused the panic?

Mr. KEDZIE. No, sir. The demonetization of silver caused the hard times which succeeded the panic.

Mr. SHERWIN. Can you suggest anything in regard to taxation?

Mr. KEDZIE. I am a strenuous advocate of low taxes. High taxes amount to a confiscation of the property; and there is a good deal of property in this country that is practically confiscated by taxation. The town of Hyde Park is nearly confiscated by high taxation; and other localities are suffering quite as much.

Mr. SHERWIN. There is considerable inequality in taxation here, is there?

Mr. KEDZIE. Yes; owing to local assessors.

Mr. SHERWIN. *There* is a place where laws bear heavily upon the poorer classes, because their property is always visible and can be taxed, while the property of the rich people often escapes taxation?

Mr. KEDZIE. Yes. If capital is in the form of securities that can be locked up, it escapes taxation; but many of our rich men have their property in real estate that does not escape taxation.

Mr. DICKEY. Would a properly graduated income tax furnish any relief to the laboring classes?

Mr. KEDZIE. I think we have abundant taxes already. I am in favor of diminishing all taxation.

Mr. DICKEY. But would not an income tax shift some of the burdens to where they more properly belong?

Mr. KEDZIE. I am not in favor of an income tax for it is an odious tax to the American people, and it never would have been resorted to except in war times when patriotism got the better of our selfishness.

Mr. MARTIN. If a man makes a thousand dollars a year, do you not think he should pay a tax upon that as well as he who pays a tax upon a farm that is worth a thousand dollars?

Mr. KEDZIE. If the owner of a building gets $5,000 a year rent for it he pays a good round tax on the property itself, and if you were to tax him on his $5,000 income, you would be taxing him double.

The CHAIRMAN. How if a man has an income of $5,000 on bonds?

Mr. KEDZIE. The government bonds bear so low rate of interest that that more than makes up for their exemption from taxation.

Mr. MARTIN. A man who owns a piece of land worth a thousand dollars pays a tax upon it, while the man who has an income of a thousand dollars pays no tax.

Mr. KEDZIE. He has to pay a tax on the property out of which his income issues.

Mr. MARTIN. Suppose this farmer makes a thousand dollars on his corn and wheat; does he not pay taxes on that?

Mr. KEDZIE. He does.

Mr. MARTIN. Then why not tax the man who gets a thousand dollars out of real estate?

Mr. KEDZIE. The reason is, wheat and corn and the interest on investments are the modes by which men make money. The business of every man is to make money. We tax the sources of the profit. That is, we tax the land out of which the man receives the profit, or we tax

the building out of which he receives the profit, or we tax the wheat and the corn which he raises.

The CHAIRMAN. Do you tax, in this State, the wheat and corn in the bin?

Mr. KEDZIE. Yes, sir.

Mr. SHERWIN. Do you know how the manufacturing business here is?

Mr. KEDZIE. It is very much improved from what it was at the lowest period, but still it is not up to the standard of prosperity which it enjoyed prior to the revulsion.

Mr. SHERWIN. But it is better now than it has been at any time since?

Mr. KEDZIE. Yes, sir.

Views of Mr. Van H. Higgins.

Mr. VAN H. HIGGINS came before the committee at its invitation. He stated, in response to preliminary questions, that he was a resident of the city of Chicago; that he came to the city in 1837, and that for the last thirty-five years he has been a lawyer, and has been operating in real estate pretty largely.

The CHAIRMAN. State generally what, in your opinion, has been the cause of the depression in the industries of the country, especially the depression of labor.

Mr. HIGGINS. Hearing so many views and different opinions expressed here reminds me of the story of a gentleman traveling in a French diligence who inquired of a savant why white sheep had so much more wool than black ones. The savant told him that it was the effect of light upon the wool. The gentleman asked the same question of the stage-driver, and the stage-driver told him that it was because there were more white sheep than black ones. The question which you ask me is one about which there will be as many opinions as there are witnesses. We have been told that it was because of so much labor having been changed from its ordinary occupations during the war, and of such extraordinary expenditures having been incurred during the war, and that it was because the people got out of the way of earning, and got to be extravagant, and that there was so much improvement after the war, so many unnecessary railroads built, and such enormous debt incurred, that the country became involved, and that it was necessary to get down to hard pan. I have asked myself whether that was really so, and I have tried to look at the conditions of the country before and after the war, and to see what the effect of the issuing of money and the producing of credits had upon the business of the country. I have looked at the statistics from time to time, and I have thought over the subject. After the commencement of the war things were more prostrated here in Chicago than they have been during the panic. After the panic of 1857 there was a continuous decline of property here so disastrous that it produced about the same effect or even a greater effect than the panic of 1873 has produced. In 1860 and 1861 it was almost impossible to sell property here. Labor was lower than it has been during the last panic. Labor got about 75 cents a day. Mechanics, carpenters, etc., were employed here in 1860 and 1861 at nine shillings a day. It was only when the government commenced issuing money during the war that things began to revive. As soon as the government commenced putting out money in 1861, business began to improve at once, and the places that were vacant began to be filled up. Landlords were able to get rents. Things got so that property could be sold, and about 1863 or 1864 people who were in debt saw a way out of it.

As the currency increased, business of all kinds began to revive. Manufactories were started up. If you look at the statistics of the country you will find that in 1810 the whole value of the manufactured goods in the United States was $200,000,000. In 1860, one year before the war, the value was $1,800,000,000; so it had grown $1,600,000,000 in 50 years. From 1860 to 1870 the value of our manufactures increased from $1,800,000,000 to $4,200,000,000, (an increase of $2,400,000,000 in ten years, as against an increase of $1,600,000,000 in 50 years.) I attribute that partly to stimulating the enterprises of the country, by giving the people something to do it with. Formerly we had been in the habit of raising corn here at five and ten cents a bushel. That was the price at the time the war broke out. Within three years that same corn brought a dollar a bushel. We had had a sort of "stump-tail" currency at the time of the panic in 1857, which was at five or ten per cent. discount. Things got no better until the government commenced to issue money; and after the government commenced to issue money things began to revive; prices went up, the price of labor went up, and there was employment for the people. Then at home we engaged in getting up supplies for those who engaged in the war. Everybody was occupied, and everything went on prosperously. I have looked over the statistics, and I find that during eight or ten years 40,000 miles of railroad were built in this country; and when I look at the returns in Poor's Manual, I see that $500,000,000 have been paid in dividends during the past year on those same railroads. Not only that, but the railroads have given employment to two hundred thousand persons, at prices higher than anything which the people thought of getting before the railways were built. Now, I ask myself whether it has been the building of these railroads that has ruined this country. I find that our foreign commerce has been doubled; that the corn, grain, and cotton which we have been sending forward brings $650,000,000 for the year—almost 75 per cent. more than we had ever shipped from the country before. I ask myself whether that is the occasion of the country being ruined: whether the building of these 40,000 miles of railroads, which enables our corn and grain to be shipped from Kansas to the sea-board for the same price as it used to be shipped from Western New York, which enables us to lay our meat down so cheaply in Liverpool that the Englishmen compete with us, has ruined the country: Of our whole population of 45,000,000, we have got 13,000,000 of a producing population—six millions engaged in agriculture, and seven engaged in other occupations. The great problem is how to keep these people employed profitably. These people were employed profitably from 1862 to 1873. They built up your cities; they opened your farms; they enabled you to increase your foreign exports to double what they had been, and to increase your manufactures from $1,800,000,000 to $4,200,000,000. I look at the census and see the growth of the country. I see what effect it has produced on immigration and on the increase of wealth (increasing it from probably $18,000,000,000 to $40,000,000,000, though I suppose you would estimate it to-day at $20,000,000,000 or $25,000,000,000). The impression which it all leaves on my mind is, that the few millions of dollars which we borrowed on the other side was not the sole cause of our being ruined. From 1873 to 1879 (six years) this country has suffered distress just as England suffered distress when the same causes were in operation there. History tells us that when England determined on resumption of specie payments, and determined upon it to take place in four years, that fact dried up the sources of commerce just as an Arctic winter dries up the small streams, and that the result was, that

there was hardly anybody in the country that was not bankrupted. People there found that their property was worth only one-half or one-third of what it was worth before. The people were driven into the streets, and the troops had to be called to suppress riots and insurrection. The jails, and the poor-houses, and the alms houses were filled with criminals and paupers. That state of things came there just as it came here. We have it here to-day. I have been told by policemen here that they have seen respectable men go to the swill-barrels at the hotels to pick out pieces of bread, or something, to eat. It cannot be denied that there are thousands and tens of thousands of men now out of employment in this city. There are ten thousand laborers and mechanics here who cannot get employment at any price. Things are better to-day. They have been improving for a year. I am glad to say that I think there is very little of that distress existing now; but perhaps I do not know as well as some others, who say that it does exist to-day to a considerable extent. But to ascribe the distress which was brought upon this country to a cause which, in my judgment, has had nothing whatever to do with it, is misapprehending the condition of the country, and misapprehending the facts. The problem now is, how to keep the people profitably employed. The government must do it indirectly or it must do it directly, but how to do it is the question. From 1861, on, there was no trouble about the employment of the people, because the government needed the services of all the men that could be obtained. The people who remained at home had as much as they could do to supply the wants of the armies in the field, because war means waste and destruction; and although the war cost the country $10,000,000,0000, the country is to-day $10,000,000,000 richer than if there had been no war. It is richer because it has developed its manufactures, and has enabled its people to produce the things that they consume. The amount of our external commerce is a mere bagatelle (although $650,000,000), but the amount of our internal commerce is from eight to twelve thousand million dollars. The actual price paid for labor in this country is about $6,000,000,000 a year. Sherman boasts that we have a thousand millions of circulation. But how long would that pay the laborers of the country? Just sixty days. The problem is, if you have a nation of civilized people, how to employ them in such a way as to let them have the comforts of life, and let them be able to pay for those comforts. They have got to do that in interchanging labor. We could not buy anything abroad if we had to sell the products of our labor over there to pay for it. The $650,000,000 a year of our foreign commerce would not last us one month. If we had to buy all our clothing, and everything that we consume, abroad, this nation would be as poor as Mexico. A nation has got to produce something. It is not economy that makes a nation rich. If it was, then India would be the richest nation in the world. What would a Mexican do towards supporting a government? He does not produce anything. Every subject of Great Britain produces $130 a year per capita, but a native of India produces only $8 per capita. The secret of a country's prosperity lies in keeping its people employed, and you have got to have the means of paying them. The measure of a country's commerce is the amount paid to its people for labor.

Now, when you consider that the entire property of this country is not equal to the product of four years' labor—that four years' labor will buy everything in the country—then it becomes a pretty important problem that you keep the people at work. You have got to have money enough to pay them, and the more money you pay them the more prop-

erty you will produce, and the more the country will be stimulated. Some people tell you that the great thing in a nation is to reduce expenditures and to practice economy. But how will they sell the products of their labor if the people of the country are not permitted to consume them? If the people have not money to buy with, how will those products be bought and consumed? The rich people of the country are so few in number that they could not buy enough to oil the machinery. You have got to depend upon the masses for your consumers, and the masses must have money to buy with, and if they have no money to buy with you make of your mechanics and laboring men tramps and thieves and criminals, not from choice, but from necessity; men who would be justified in having bread if they cannot have employment.

I have heard the question asked here, how much money we should have in circulation? That depends on how much prosperity we have in the country. If you pay your laborers only ten cents a day, you will need but about one-tenth of the currency which you need if you pay your laborers a dollar a day, because the capacity to buy depends upon the amount paid for labor. All experience proves that a plethora of money increases the price of wages and stimulates the energies of a country. There never has been any great discovery of gold and silver that did not stimulate enterprise. There never has been a war that did not stimulate enterprise. The amount of money which a country wants depends upon the number of transactions that are made in the country, and upon the price at which they are made. So, as I say, if you pay labor ten cents a day, you will require one-tenth of the amount of money in the country that will be required if you pay labor a dollar a day. If we were all dead in the United States, one dollar of circulation would be enough; but if we are alive and making transactions, the amount of money needed for circulation depends upon the activity of our transactions. That proposition is as plain as the stage-driver's proposition, that there were more white sheep than black ones. The more transactions that are made, and the higher prices that are paid, the more money is required. You were talking now about a depressed state of business and labor. If you want to elevate it you have got to furnish the sinews necessary to do it. Take a country like ours, where there is plenty of raw material and skilled labor, and what is necessary to make prosperity? Two things: you require a cheap, expeditious mode of transportation, so that every producer can sell to every non-producer, and you have got to have a medium of exchange by which the exchanges can be effected, because you cannot effect them by barter, as we used to do. We do not now travel in ox-teams as we did then, but in a train which sweeps through the land at a rate of twenty or thirty miles an hour. The sort of commerce that we have now has to be carried on by another agency besides barter. We have got to have a medium of exchange. If you want to fix the amount of money necessary to do business in the present day, you have got to see what price you do it at. We commenced here during the war, and got a very large amount of currency out—nearly two thousand millions of it, not all in currency, perhaps, but in what passed as currency. Seven-thirty per cent. notes, six per cent. notes, and five per cent. notes, passed from hand to hand as money. They were used as a medium of exchange, and during that time we did not get in debt. The great debt of this country commenced after the contraction of the currency. During the war the government furnished money enough to effect exchanges and to do business, as in France, for cash. Nobody then traded on credit. Then the consumer paid the retailer, the re-

tailer paid the wholesaler, the wholesaler paid the jobber, and the jobber paid the manufacturer. But when the system of contraction was commenced, in 1867–'68, the consumer stopped paying the retailer, and the retailer had to get credit from the wholesaler, and the wholesaler from the jobber, and the jobber from the manufacturer, so that four notes were given for the same transaction, and that is the way that the debts of the country were swelled. Private credit was substituted for government credit. My notion is that the business of a country is better done when it is done more for cash and less for credit. If you have a moderate amount of money you can have a moderate amount of business in a community, because with the means of transit now a small amount of cash passes around a good many times. I know that it is said you can use checks, you can deposit money in the banks and check against it, and you can borrow on the bank's credit. Banks are necessary. Business cannot be carried on without them. But I think that a bank is a bad institution to be depended upon. Sir John Lubbock says that 97 per cent. of the business of England is done by checks, and we are asked what is the objection to that. That is a mode of doing business which in England leads to putting the rate of interest up from two per cent. to five, seven, and ten per cent., so that no business man knows where he is. They do not suspend paying there, generally, but they do put the rate of interest up. Now, when the rate of interest was put up in England to ten per cent., at the time of Sir Morton Peto's failure, we were not disturbed by it on this side. What we want in this country is, first, a sound currency. There is no question, in my judgment, that affects the interests of the laboring classes so nearly as a sound currency, and there is no device that was ever invented by which the poor man and the laborer is cheated more than an unsound currency. What the laboring class wants is a currency that can be depended upon. You cannot make a sound currency on an unsound basis. Mr. Sherman said a few months ago, that every nation is obliged sometimes to suspend specie payments. He admits that no government ever did, or ever can, by the laws of trade, base currency upon a specie basis—that is, if the holder of a note has a right to go to the government and demand specie for his note. With that basis there never will be a sound currency. What I would do would be to make a currency that would be legal tender, receivable for all dues, and which the government agrees to redeem in coin, or in bonds bearing a certain rate of interest, so that whenever a note is presented the government will pay it in specie, if it has got the means, and if it has not got the means will give a government bond for it. With a currency like that there can be hardly such a thing as fluctuation. With a currency like that the laboring classes would be protected. See, on the contrary, how it is with a fluctuating currency. Take a time like 1862 or 1863. Laboring men were then paid high wages. They got a few hundred dollars ahead; they were encouraged to buy a home. They paid two-thirds of the price of the lot, leaving the balance on mortgage. Then the government undertook to change its policy, and to make money dearer. It undertook to contract the currency, and in doing so it made it impossible for the poor man to pay the mortgage on his house; and his property has been sold for it. We want to avoid these chances in the future. When the government makes a currency let it not undertake to do that which it may ever fail to do—and if it agrees to redeem currency in coin it will be sure to fail.

In one word, the remedy for the ills that exist (to wit, the stagnation in business) is by stimulating the enterprise of the country with an abundance

of money to do the business of the country. To-day it may be said that there is money enough because the business of the country is going on. If that is so it will regulate itself; but it is probably not so. If it is so, it is because the energies of the country are paralyzed. A bank is an institution which makes its money by getting interest on what itoweon There is not a bank in this city, and probably not one in the United States, that can pay its officers, taxes, rent, &c., out of the interest on its own money. The only way a bank can make money is by getting in debt by getting deposits—by getting the people to put their money into it. These banks tempt the people with credits when money is abundant. They tempt people to engage in enterprises. Then they get scared and call for their money, and at once industries are paralyzed and stopped. That is what happened in 1873. In 1873 the manufactories were being extended, and new ones were being built, and general business was going on. Then the banks saw that their reserves were becoming short, and they became frightened and began to contract their discounts. The result was that the men who had been accustomed to get money from the banks could not get it any more, and the banks were so frightened that they could not take care of their depositors, and they suspended payments. Then the money came back again to the banks in a few weeks, and they were able to go on again. But as they did not lend any more money the manufactories stopped. The Spragues stopped operations and threw twelve thousand people out of employmnnt. That same thing happened all over the land. Now, that is a mode of doing business which I do not believe to be sound. If the business was done as it was done before these banks were created it would be entirely different. Everybody would pay as he went. The retailer would get his pay, the wholesaler would get his pay, the jobber would get his pay, and the manufacturer would get his pay. During the war it took in the neighborhood of $2,000,000,000 of circulation to carry on the business of the country, while now we have possibly $800,000,000 of circulation; but the great bulk of it is locked up, and but a small portion of it is in the hands of the people.

The CHAIRMAN. Would you restore the volume of currency to the amount it was during the war?

Mr. HIGGINS. Every conservative man will see at once that in all matters of finance we ought to move slowly. Although I believe that the national-bank charters should be ultimately repealed, I would not repeal them now. We could not now repeal all those bank charters and have them call in their loans without largely disturbing the business of the country. That would be a dangerous and unwise thing to do. But you can look to the termination of their charters as an ultimate thing. You might regard them as in the course of ultimate extinction, as Mr. Lincoln said about slavery. Let us lop off the limbs of the tree, let us trim it, but not take it up by the roots at once.

Mr. DICKEY. Cannot that be accomplished by allowing the banks to be wound up as their charters expire?

The CHAIRMAN. The expirations of their charters come too closely together. They will mostly all expire in 1882.

Mr. HIGGINS. Congress will think it out and determine what is best to be done. But sometimes by exchanging views we get ideas which, perhaps, would not otherwise occur to us.

Mr. SHERWIN. Is it safe to leave with Congress the determination of the amount of currency that the country should have?

Mr. HIGGINS. We leave with Congress the settlement of questions af-

fecting our lives, liberties, and property, and if we cannot intrust Congress with that question, it is a very strange thing.

Mr. SHERWIN. Has not experience shown that it is unsafe to trust Congress with the decision of the financial question?

Mr. HIGGINS. It seemed unsafe to allow Congress to contract the currency as it has done.

Mr. SHERWIN. If Congress has acted unwisely in the matter of contraction, may it not also act unwisely in increasing the circulation?

Mr. HIGGINS. It is possible to assume that all public bodies may do wrong. It is proper, however, to assume that they will do right; and if this government is not a failure, then the method by which to determine this question (submitting it to the sober second thought of the people) is a sound and safe one. To-day Congress has put its hand upon the coinage of silver.

Mr. SHERWIN. Has there ever been an example of any government issuing paper currency that did not issue it to excess?

Mr. HIGGINS. Yes, sir; the Venetian Bank was practically a government institution, and yet for three or four hundred years its paper was always at a premium. The government scrip in New England was maintained at ten and twelve per cent. premium. Why? Because it was made receivable for taxes at par.

Mr. SHERWIN. Is it not true that the currency in Venice was exactly the kind of currency corresponding with our bonds; that is, that it was representative of a loan to the people and bore interest?

Mr. HIGGINS. I think not. I do not understand it so. The Venetian notes were redeemable in coin. Our own experience proves that the obligations of the country are of such a character that not only the moneyed people of this country, but the masses of the moneyed people of other countries, are perfectly willing to invest what they have on the faith and credit of this government?

Mr. SHERWIN. We find that Congress, in your opinion, has made one mistake when it contracted the currency?

Mr. HIGGINS. I think so.

Mr. SHERWIN. Then we may reasonably suppose that Congress may make a similar mistake in enlarging the currency, and is it safe to leave the power of contracting or increasing the currency to such a body?

Mr. HIGGINS. I should much rather leave it to Congress than to the two thousand banks that have control of it now.

Mr. SHERWIN. The national banking law is a free banking law so that anybody can go into the business, is it not?

Mr. HIGGINS. Yes, sir.

Mr. SHERWIN. Can you devise any better system of getting money to the people than our free banking system, which allows any number of men having a sufficient amount of money to go into the business of banking?

Mr. HIGGINS. As a banking system it is the best we have ever had. Banking has been always a device to rob the masses and unwary, if not directly, indirectly. Formerly banking was done on this basis: Parties went to the legislature and got a charter for a bank authorizing them to commence the issue of notes when they made a deposit or paid in five or ten per cent. of the capital. They generally borrowed this five or ten per cent. of the capital long enough to pay it in and to make oath that they had done so. Then they took it out and paid it back to those from whom they borrowed it, and then, if they had money enough to pay the engraver, they went to work and issued notes and loaned them to the people of the country as money, taking their obligation in lieu of it.

Mr. COWGILL. I desire to ask you, in the first place, if the currency furnished to the country by the national banks is not as good as any money that we have? Does it not pass as currently as Treasury notes or coin?

Mr. HIGGINS. I not only say yes, but I say that the national banking system is the best system of banking that has ever been devised.

Mr. COWGILL. Then, admitting that national bank currency passes currently, and that the national banking system is the best ever devised, please to tell the committee why, if there is a demand for more currency, it is not furnished under that system of banking? Or, if the national banks are selfish and exorbitant, and if they desire to wrong the people, why do not you and your friends, or any number of laboring men, engage in banking and furnish a sufficient amount of currency to supply the demand?

Mr. HIGGINS. I do not suppose that, as business is done at this moment, anybody would feel like engaging in banking business. I do not believe that any prudent man would embark in any business during the last five years. If I had had ten millions of dollars I would have locked it up and sat upon it.

Mr. COWGILL. If money controls everything, and if it is so profitable to use and handle it, why would you not engage in business?

Mr. HIGGINS. Simply because of the course of contraction taken by the government. Money was getting dearer all the time and everything else was getting cheaper.

Mr. COWGILL. The government has done nothing to affect the national banks.

Mr. HIGGINS. Naturally all the men who are engaged in banking understand the policy of the government. If they did not they would not be fit to be bank officers. No prudent man would embark in business during the last five years. No manufacturer would manufacture goods on a declining market. He would see that he was swapping off a rising article (money) for an article that was falling in value.

Mr. COWGILL. But suppose they get the interest on their money?

Mr. HIGGINS. How will they get the interest?

Mr. COWGILL. They will surely get the interest if the demands of the country require more money, because, the more money there is furnished the more business there is done, and the better able people are to pay their debts. That is your theory.

Mr. HIGGINS. Certainly; but the trouble is that business had been too extended. The capacity of the people to pay their debts was diminished by the act of the government in making money dear and property and labor cheap.

Mr. COWGILL. In what way did the government contract the currency? Is there not as much currency to-day as there has been at any time, in the strict meaning of the term currency?

Mr. HIGGINS. That depends altogether upon what you call currency.

Mr. COWGILL. If you would call the bonded debt of the country, under your system, currency, why not call the present bonded debt currency?

Mr. HIGGINS. In my judgment it will be so treated, and will pass from hand to hand before we are five years older, and there will be an inflation more rapid than there was during the war. When there comes to be use for money, then gentlemen who have purchased four per cent. bonds will be very sick of them, and if their neighbors are getting eight per cent. on their money these gentlemen will bring their bonds to market and be glad to take 90 cents on the dollar for them.

Mr. COWGILL. I want to know what business enterprise you would

have the government engage in or foster or encourage, in order to get these Treasury notes into circulation (because I infer that that is the currency which you intend to have circulated among the people)—what would you have the government engage in? During the war there was no difficulty about that because the government at that time had to pay out money in large amounts for the purpose of carrying on the war. But now there is nothing of that kind, and it is to be hoped that we shall have no such disasters as that in the near future. What now is your plan by which you can get money diffused among the people?

Mr. HIGGINS. I would not have any very great difficulty about that. If Congress had not ingenuity enough to get money into circulation a new set of men would be elected.

Mr. COWGILL. Do you think that it is the business of Congress to engage in every kind of speculation and enterprise?

Mr. HIGGINS. The business of Congress is to exercise every species of legitimate legislation. What is legitimate legislation is very frequently a problem. Some people think that the only legitimate business of Congress is to collect the revenue and to levy duties on goods. Some other people think that it is the duty of a government to exercise other powers. One class of people seems to imagine that all that the government is intended for is to tax people. But there are other duties of a government, and there are other things that Congress might perform with propriety. It is its duty to do what it can to promote the welfare of the people. In the case of a State legislature it is its duty to legislate on questions of education, sanitary measures, police regulations, and to equalize a just taxation, and to regulate all the affairs of life. The duties of Congress are largely defined by the Constitution.

Mr. COWGILL. With all those duties can you not very readily point out something that the government can engage in, in order to put Treasury notes in circulation?

Mr. HIGGINS. Suppose that the government paid its current expenses, about $300,000,000 a year, and did not exact any taxes for three or four years, could it not then put its Treasury notes in circulation?

Mr. COWGILL. I wanted to hear what your plan was.

Mr. HIGGINS. I have no plan about it, but if it is desirable to do it, I am very confident that Congress can devise means for doing it. It might build railroads, might commence works of internal improvement, might build harbors, post-offices, &c.

Mr. O'CONNOR. Do you believe that the contraction of the currency is the cause of the wide-spread distress in the country?

Mr. HIGGINS. I have no more doubt of it than I have that an Arctic winter dries up the streams or contracts the streams.

Mr. O'CONNOR. And you think that an expansion of the volume of currency would necessarily bring about relief?

Mr. HIGGINS. I judge of it only from the past; I have never known an instance in history where a country has had an accession of currency that the enterprises of the country have not been stimulated.

Mr. O'CONNOR. You have no doubt that Congress has a right to pass an act directing the Secretary of the Treasury to retire at once, by the issuance of legal tender money, all the bonded debt of the country that is now due?

Mr. HIGGINS. I have no doubt of this, that whenever the government owes a debt it has the power (if it has the money) to pay it. Generally governments have taken their own mode of paying it. Justice requires that they should pay it according to the contract. I think that it was a gross fraud upon the people to pay the bonds in specie, when, on their

face they were payable in the currency of the country. Still I think that as we have now promised to pay the bonds in gold we should live up to that.

Mr. MARTIN. As a legal proposition was not the government bound to pay its bonds in coin?

Mr. HIGGINS. It was not so understood when the bonds were issued.

Mr. O'CONNOR. (To Mr. Cowgill.) The currency is now at par. You want to know how we can get the currency out, and I have asked the question whether it is not competent for Congress to direct the Secretary of the Treasury to pay the bonded debt of the nation, and, if necessary, to issue greenbacks for the purpose of doing so. Of course the greenbacks would not be accepted by the holder of the bonds unless they are worth par, but so long as they are worth par the Secretary can pay up the bonded debt with them, just as it is competent for Congress to pass a law directing the Secretary of the Treasury to buy up $250,000,000 of bonds with four per cents.

Mr. HIGGINS. If the bonds were not matured of course they could not be called in. If the bonds were matured of course Congress had a right to call them in, and if the government had not the means to pay for them it could easily get the means. The government can levy duties upon goods sufficient to buy all the outstanding bonds. I think it would be a calamity to issue a thousand millions of greenbacks at once. I want to avoid extremes. What is done should be done carefully and cautiously. What we want is permanency.

Mr. MARTIN. Would you have Congress increase the currency next session?

Mr. HIGGINS. That is a good deal of a problem. My impression is that it should be understood that the policy of the government was to have a currency large enough per capita. Look at France and other countries, and see how enlightened this nation is as compared with those countries.

Mr. MARTIN. Would you have the same amount of currency here per capita as in France?

Mr. HIGGINS. That is a problem which I can hardly answer. We would probably not require as much as they do there to have the same degree of prosperity.

Mr. MARTIN. What amount of currency we had you would have convertible into coin?

Mr. HIGGINS. I would make such paper as was issued payable in coin, or in government bonds at the pleasure of the government. Then the government never could be cornered. I look for the day when silver will have appreciated in value so that it will be at a premium over gold.

Mr. SHERWIN. How would you have the bonds payable?

Mr. HIGGINS. In coin, but at the pleasure of the government. Then the government never could be cornered. They should be issued as the English consols are issued, redeemable at the pleasure of the government.

The CHAIRMAN. What is the circulation of France per capita?

Mr. HIGGINS. Something about $50. It fluctuates a little. That is a subject which I have not even thought of in six months. There is in this country about $700,000,000 of circulation, but there is practically less than $400,000,000 in circulation as money. The probability is that there is not in the hands of the people more than four or five hundred millions of money.

Mr. COWGILL. Do you know any bank that is not willing to lend its money if proper security is offered for it?

Mr. HIGGINS. There has not been any time since the panic that you can not go and borrow money from a bank if you have government bonds to deposit as collateral. But if you go in with business paper to have discounted the banks will not take it. They do not want to run any risks.

Mr. COWGILL. Is not that a prudent and safe policy on the part of the banks?

Mr. HIGGINS. I think it is; but it is very hard on the manufacturers and merchants.

Mr. COWGILL. If a man is engaged in manufacturing who is not able to carry it on, then he had better go into something else.

Mr. HIGGINS. That is what General Jackson said in 1835. A man who works on borrowed capital ought to break.

Mr. COWGILL. I do not say that by any means, but I do say that every bank ought to be prudent in making its discounts.

Mr. HIGGINS. Yes; if the banks are only prudent in good times. But everybody can borrow all that he wants in good times, but cannot borrow at times that people need money most.

Mr. MARTIN. Do you think that the contraction of the currency is the only cause of the depression of interests in this country?

Mr. HIGGINS. The country, after the war, entered on a period of prosperity which it had never seen before; all kinds of enterprises were undertaken; and property advanced very rapidly in value. The value of money, while it was increasing in regard to gold, was still diminishing in regard to property and labor. From 1865 to 1867 the price of gold was going down all the time. One problem entered into it which John Adams stated years ago—that a certain amount of money is necessary to do the business of the country, and that if you have that amount prices will keep regular under it, and the value of money will be uniform, and that in just so far as you exceed that amount you increase the price of other property and relatively diminish the value of money. If you diminish the amount then you diminish the value of property correspondingly and even greater. Suppose that in this country to-day we have $30,000,000,000 of property, and $1,000,000,000 of circulation, then the least appreciation in the price of money by a reduction of the volume of currency makes a corresponding depreciation in the $30,000,000,000 worth of property and makes distress all over the land, whereas if you increase the amount of money by ten per cent. you add $3,000,000,000 to the value of the property of the country.

Mr. MARTIN. In your opinion, is there any cause for the present depression except the contraction of the currency?

Mr. HIGGINS. Property had been depreciating from 1867 down to 1872. The price of the greenback at the close of the war was 60 cents on the dollar, but when the panic struck us in 1873 gold was at a premium of only 9 per cent. That is to say, that the price of gold had improved 4 per cent. a year. Then gold had only 9 per cent. to improve from the time of the passage of the resumption act up to the period of resumption. It increased about 2 per cent. a year under the resumption act, as against 4 per cent. a year previous to the passage of the act, when it was let alone, and when the property of the country was let to grow with it. It was only when the resumption act was passed, determining the policy of the government to be the contraction of the currency, and putting it on a gold basis, that people were alarmed, and they gave away their property and went into bankruptcy; and many of the banks themselves were obliged to suspend.

Mr. SHERWIN. How? By the contraction of the currency?

Mr. HIGGINS. At the close of the war there was what I regard as currency in circulation (including everything) seventeen or eighteen hundred millions. It passed from hand to hand as money.

Mr. SHERWIN. The securities that went to make up that amount were not issued as money, were they?

Mr. HIGGINS. They were not a legal tender, but they passed from hand to hand as money. The seven-thirties were legal-tender.

Mr. SHERWIN. Is it not a fact that those interest bearing notes were hoarded by the banks?

Mr. HIGGINS. They were after a time.

Mr. SHERWIN. If those seven-thirty notes circulated as money, why should not our four per cent. bonds circulate as money also?

Mr. HIGGINS. They are not so convenient as the seven-thirty notes, but I think they will pass from hand to hand as a medium of exchange. I think they will be treated as currency after a time.

The committee here took a recess till eight o'clock p. m.

EVENING SESSION.

Views of Mr. D. R. Streeter.

Mr. D. R. STREETER appeared before the committee as a volunteer witness. He stated that he represented the council of trade and labor in Chicago, which comprises 27 trade unions. He presented the following statement of labor statistics:

LABOR STATISTICS.

The following labor statistics have been collected and carefully compiled and classified from blanks issued by this organization. In addition to the large number of blanks filled out and returned to the council by individual workmen, reports have been received from 84 factories and workshops in this city.

In presenting these statistics, I desire to state that while I consider them as only comparatively correct, I believe they are as accurate and reliable as the statistics gathered by the various labor bureaus now in existence in this country.

Respectfully,

T. J. MORGAN,
Committee on Statistics.

Report Typographical Union of Chicago, for the year 1878.

Average earnings per week when steadily employed:	
Union men.....per week..	$14 00
Non-union men.....per week..	8 00
Time lost during the year:	
Union men.....months..	2
Non-union men.....months..	4
Reduction in wages per week since 1872:	
Union men.....per cent..	40
Non-union men.....per cent..	60
Average rent per month:	
Union men.....	$12 00
Non-union men.....	10 00
Education expenses, including newspapers.	
Union men.....	$20 00
Non-union men.....	12 00
Sanitary condition of workshops: bad.	

Report of the cigar maker's trade in Chicago for the year ending 1878.

Number of manufacturers	385
Number of cigar makers	1,400
Average number in employment	1,204
Average number unemployed	196
Price per 1,000 ..... from	$300 to 14 00
Average price per 1,000	6 00
Average earnings per week	4 76
Average earnings divided by the number of persons in a family (5), allows each person per day ..... cents	13⅘

Wood-carvers.

Hours of labor per week	60
Average weekly earnings, when steadily employed	$8 01½
Actual earnings per worker for the year 1878	$397 03
Reduction of wages since 1872 ..... per cent	44
Lost time during the year 1878 ..... months	3
Average yearly earnings divided by the number of living days in the year (365) allows each worker per day	$1 08
This amount to a family of 5 persons allows each person per day	21⅗

COST OF LIVING.

Groceries	$226 12½
Clothing	76 00
Fuel	33 00
Rent	76 50
Recreation	20 00
Education	9 66
Total expenses	428 61

Upholsterers.

Hours of labor per week	60
Average weekly earnings when steadily employed	$11 40
Actual earnings per worker for the year 1878	$452 89
Reduction in wages since 1872 ..... per cent	35
Lost time during the year 1878 ..... months	2½
Average yearly earnings divided by the number of living days in the year (365) allows each worker per day	$1 24
This amount to a family of five persons allows each person per day .. cents	25

COST OF LIVING.

Groceries	$258 50
Clothing	98 88
Fuel	39 44
Rent	93 66
Recreation	1 43
Education	16 66
Total expenses	486 93

Diseases incident to the trade: catarrh and consumption.

Silver-gilders.

Hours of labor per week	60
Average weekly earnings when steadily employed	$9 50
Actual earnings per worker for the 1878	$375 30

Reduction in wages since 1872 ..... per cent..	53
Lost time during the year 1878 ..... months..	1¾
Average yearly earnings divided by the number of living days in the year (365) allows each worker per day	$1 02
This amount to a family of five persons allows each person per day	20⅖

COST OF LIVING.

Groceries	$189 00
Clothing	74 18
Fuel	33 33
Rent	59 33
Recreation	25 33
Education	11 60
Total expenses	430 00

Diseases incident to the trade: Consumption.

Shoemakers.

Hours of labor per week	60
Average weekly earnings when steadily employed	$9 00
Actual earnings per worker for the year 1878	$363 33
Reduction of wages since 1872 ..... per cent..	45
Lost time during the year 1878 ..... months..	3¼
Average yearly earnings divided by the number of living days in the year (365) allows each worker per day ..... cents..	99
This amount to a family of five persons allows each person per day ... cents..	20

COST OF LIVING.

Groceries	$250 91
Clothing	45 45
Fuel	28 33
Rent	83 33
Recreation	8 56
Education	7 55
Total expenses	409 81

Diseases incident to the trade: Asthma and consumption.

Cabinet-makers.

Hours of labor per week	57
Average weekly earnings when steadily employed	$7 27
Actual earnings per worker for the year 1878	$358 50
Reduction of wages since 1872 ..... per cent..	44
Lost time during the year 1878 ..... weeks..	6
Average yearly earnings divided by the number of living days in the year (365) allows each worker per day ..... cents..	98
This amount to a family of five persons allows each person per day .. cents..	19

COST OF LIVING.

Groceries	$219 00
Clothing	60 46
Fuel	32 86
Rent	69 58
Recreation	2 08
Education	9 66
Total expenses	397 78

Diseases incident to the trade: Consumption.

Carpenters.

Hours of labor per week	60
Average weekly earnings when steadily employed	$8 70
Actual earnings per worker for year 1878	$288 50
Reduction of wages since 1872 ..... per cent..	39
Lost time during the year 1878 ..... months..	4
Average yearly earnings divided by the number of living days in the year (365) allows each worker per day ..... cents..	78
This amount to a family of five persons allows each person per day.. cents..	17⅗

COST OF LIVING.

Groceries	$183 33
Clothing	48 40
Fuel	28 00
Rent	48 25
Recreation	2 00
Total expenses	334 60

Diseases incident to the trade: Not reported.

Machinists and Blacksmiths.

Hours of labor per week	60
Average weekly earnings when steadily employed	$12 55
Actual earnings per worker for the year 1878	$508 62
Reduction in wages since 1872 ..... per cent..	33
Lost time during the year 1878 ..... months..	3⅜
Average yearly earnings divided by the number of living days in the year (365) allows to each worker per day	$1 38
This amount to a family of five persons allows to each person per day.. cents..	32⅗

COST OF LIVING.

Groceries	$206 40
Clothing	57 00
Fuel	30 80
Rent	82 00
Education	15 50
Total expenses	541 57

Stove molders.

Average of family	6
Wages per day	$1 50
Wages per year	$469 50
Reduction since 1873 ..... per cent..	37½
Average time employed ..... months..	8
Hours per week	60
Schooling per year	$8 00
Groceries per week	6 75
Rent per year	96 00
Fuel per year	30 00
Clothing per year	75 00
Sundries (such as car fare)	25 00
Total	590 75
Wages per year	469 50
In debt at the end of the year	121 25

Work by the piece as a general thing. Diseases most prevalent: Rheumatism by dampness; consumption by the two extremities, heat and cold; catarrh, asthma from dust inhaled.

Harness makers.

Hours of labor per week	60
Average weekly earnings when steadily employed	$6 00
Actual earnings per worker for the year 1878	$325 00
Reduction in wages since 1872 ... per cent	33⅓
Lost time during the year 1878 ... weeks	20
Average yearly earnings, divided by the number of living days in the year (365) allows each worker per day ... cents	89⅛
This amount to a family of five persons allows each person per day ... cents	17⅘

Tinners.

Hours of labor per week	60
Average weekly earnings when steadily employed	$10 33
Actual earnings per worker for the year 1878	$250 00
Reduction in wages since 1872 ... per cent	50
Lost time during the year 1878 ... weeks	26
Average yearly earnings divided by the number of living days in the year (365) allows to each worker per day ... cents	68½
This amount to a family of five persons allows to each person per day ... cents	13⅗

Tailors.

Hours of labor per week	60
Average weekly earnings when steadily employed	$6 00
Actual earnings per worker for the year 1878	$312 00
Reduction in wages since 1872 ... per cent	33⅓
Lost time during the year 1878 ... months	3
Average yearly earnings divided by the number of living days in the year (365) allows each worker per day ... cents	85
This amount to a family of five persons allows each person per day ... cents	17

Horse-collar makers.

Hours of labor per week	59
Average weekly earnings when steadily employed	$$10 21
Actual earnings per works for the year 1878	$564 00
Reduction in wages since 1872 ... per cent	20
Lost time during the year 1878 ... weeks	3
Average yearly earnings divided by the number of living days in the year (365) allows to each worker per day ... cents	$1 54¼
This amount, to a family of 5 persons, allows to each person per day ... cents	31

COST OF LIVING.

Groceries	$351 66
Clothing	62 50
Fuel	43 33
Rent	107 00
Education	12 50
Total expenses	550 25

Diseases incident to the trade: Rheumatism.

Tanners.

Hours of labor per week	60
Average weekly earnings when steadily employed	$9 66
Actual earnings per worker for year 1878	$404 00

Reduction of wages since 1872 ..... per cent..	18
Lost time during the year 1878 ..... weeks..	10
Average yearly earnings divided by the number of living days in the year (365) allows each worker per day	$1 10
This amount, to a family of 5 persons, allows each person per day ..cents..	22

COST OF LIVING.

Groceries	$344 83
Clothing	80 00
Fuel	29 00
Rent	66 50
Education	15 12
Total expenses	508 87

Labors.

Hours of labor per week	58
Average weekly earnings when steadily employed	$7 24
Actual earnings per worker for the year 1878	$273 00
Reduction in wages since 1872 ..... not reported..	
Lost time during the year 1878 ..... weeks..	14
Average yearly earnings divided by the number of living days in the year (365) allows to each worker per day ..... cents..	$0 74
This amount, to a family of 5 persons, allows to each person per day..cents..	$15

MISCELLANEOUS COST OF LIVING.

Groceries	$209 33
Clothing	76 00
Fuel	32 66
Rent	78 33
Recreation	15 71
Education	9 80
Total expenses	398 85

GENERAL AVERAGE OF ALL REPORTED EARNINGS.

Hours of labor per week	60
Average weekly earnings when steadily employed	$8 68
Actual earnings per worker for the year 1878	$374 78
Reduction in wages since 1872 ..... per cent..	$37\frac{7}{11}$
Lost time during the year 1878 ..... weeks..	$12\frac{1}{2}$
Average yearly earnings divided by the number of living days in the year (365) allows to each worker per day	$1 02
This amount, to a family of 5 persons, allows to each person per day..cents.	20

NOTE.—This general average has been compiled from reports of standard trades that furnish the most constant employment and the earnings of male adults only, hence the high rate of earnings as compared with the report of the Massachusetts and Ohio Bureau of Labor Statistics.

Massachusetts, per day	$0 75
Ohio, per day	87
Chicago, per day	1 02

The actual number of hours worked divided by the number of working days in the year (308) gives 7 hours and 33 minutes per day; Ohio for 1878, 7 hours; Massachusetts for 1875, 8 hours.

GENERAL AVERAGE OF COST OF LIVING.

Groceries	$237 25
Clothing	66 61
Fuel	33 30
Rent	75 27
Recreation	10 74
Education	11 64
Total expenses	445 50
Average excess of expenditures over average earnings per year	$70 00

NOTE.—The above statement of the cost of living divided by number of living days in the year (365) and also divided by the number of persons per family (5) allows each person per day—

For subsistence.....cents..	13
For clothing.....cents..	$3\frac{3}{5}$
For fuel.....cents..	$1\frac{4}{5}$
For rent.....cents..	4
For recreation.....cents..	$\frac{1}{10}$
For education.....cents..	$\frac{2}{5}$
For total expenditure.....cents..	23

The above statement compared with the report of the Illinois State board for charities for 1878 is as follows:

Average expenditure for the board only of the inmates of the charitable institutions of the State per person, per day.....cents..	$66\frac{2}{7}$
An excess of expenditures per person per day for board only over the expenditure of the industrial population of this city for all the necessaries of life of.....cents..	$43\frac{2}{7}$

Or nearly 300 per cent., or three times as much for board as is considered sufficient to supply three (3) industrial producers with not only the necessaries of life, but to also enable them to provide against lack of employment, sickness, accidents, build up a home, and become rich.

Cook County for her criminals in the county jail allows per person per day "for food only".....cents..	25
An excess over the total expenditure of the industrial population of this city for food, shelter, clothing, and all other expenses.....cents..	2

Remarks on the condition of the various trades.

WOOD CARVERS.

There are cabinet-makers employed in our shops that receive not more than $3 and $4 for six days' hard work; most of them have large families to support, and their condition is most deplorable; yet, should they quit work, plenty of others would willingly take their places. Boys are replacing adult labor and reducing the wages of those still employed.

UPHOLSTERERS.

Wages are good in busy times (about five months in the year), but as soon as the rush is over the men are at the employers' mercy; short time, discharges, and reductions are then the order of the day. Boys are employed at from $2 to $5 per week, performing work that, if paid for at the regular rates, would cost three or four times as much; these boys are always kept at work. The trade is very unhealthy, a perpetual cloud of dust fills the shops, causing catarrh, consumption, and death among the workers. This could be prevented, if the almighty dollar was not of the greatest importance and the health and lives of the workers of no value.

SILVER GILDERS.

The introduction af child labor into this trade has been very injurious to the workers, in some instances displacing 50 per cent. of the adult labor. The sanitary condition of the workshops is a disgrace to the employers, and a sad commentary upon the in-

dustrial system that holds the lives of the workers so cheap. In winter the shops are insufficiently warmed. In summer our work requires that all the windows shall be closed. No means of ventilation being provided, the shops are constantly filled with tainted and poisonous air, the inhaling of which produces consumption.

SHOEMAKERS.

In this trade, among many other evils, convict labor is the most injurious. There are five boot and shoe manufacturing firms in Chicago that have ceased to employ any but convict labor, thus forcing 250 men to seek work elsewhere, or beg, borrow, or steal the means of life. Failing to find employment, these honest mechanics must become paupers or criminals, and eventually be employed either by their former masters or other employers of convict labor. The present convict labor system suits our employers very well, as it gives them the advantage of getting good mechanics cheap, and if we (so-called) free mechanics complain about low wages, we receive the following consoling answer: We employers of free labor must compete with convict labor, and to do this successfully we must reduce wages as near as possible to the rate paid to the convicts.

TANNERS.

This trade for wages laborers has arrived at the point of evolution. Wages have been reduced every year, until, in some branches, tanners are compelled to work for six and seven dollars per week. One-third of the tanners only work two-third time, and either have to leave the city or linger around, Micawber-like, waiting for something to turn up.

TINNERS.

At this trade the remuneration for labor is so small that it is impossible to support a wife and family. While a man is able to work, he can hardly make his living; when disabled, there is no prospect but the poor-house. Labor-saving machinery is a benefit only to those who own it and get the profits.

PLANING-MILL LUMBER SHAVERS.

Men are employed at this laborious work at 50 cents and 75 cents per day; and in addition to giving so much hard work for such small pay, the men are cursed and abused by the foreman in a manner that would have disgraced a Southern plantation in the palmy days of chattel slavery.

LABORERS.

In this work muscle is the thing required. In a few years we become old and our muscles stiff and weak. We are not able to work like young men, and hence are discharged. Not being able to save anything from our small pay, no matter how we try, we become paupers. This is our encouragement. But we cannot murmur at our hard lot, because that is wicked, and for doing so we shall go to hell, and if we are not afraid of hell, they have the militia to keep us quiet.

Mr. SHERWIN. I notice that these statistics all give 5 persons to a family. How is it, as a matter of fact?

Mr. STREETER. Five is usually taken by the bureau of statistics as constituting a family. In some of the trades the numbers of persons to a family are returned; in others, not. We strike an average, which is about 5. Five is the generally accepted number to a family everywhere.

I am a printer, working on the *Daily News*, and I have picked up a few advertisements which I will read to the committee, so that the committee may see that the present depression affects all the different branches of labor. As the idea sought to be conveyed to the committee is that everything is happy with the working classes in Chicago and its suburbs, I will read a little dispatch which appeared in the Chicago *Tribune* a few weeks ago.

Mr. STREETER read the following:

STARVED TO DEATH.

Special dispatch to The Tribune.

OTTAWA, Ill., July 19.—A case of actual starvation has come to light within the past few days which serves to illustrate the unhappy side of the life of a tramp. A few days ago one of these wanderers, giving his name as Charles Hall, applied to the author-

ities of Ottawa for relief, and by them was sent to the county asylum, where he was given food and treatment with the other paupers. To the warden, Webb Arnold, he said that he had not tasted food for nine or ten days, except a few crackers given him by a grocer, although he had made numerous applications at private houses for something to eat, to be invariably turned away. When received at the asylum he was given sufficient food and ate it ravenously. Shortly afterward he was taken sick, lingered a few days, and died on Thursday night last. Letters upon his person indicate that he was a cigarmaker; that he came from either Wilmington or Zanesville, Ohio, and that his age was about 56 years. He had applied for work in Chicago and other cities, including Ottawa, but without success. Thus sadly ends the life of one unfortunate, unhappy "tramp."

JANUARY 6.

SITUATION WANTED—$10 reward will be paid to any one finding me a situation as bookkeeper, cashier, correspondent, &c. No. 1 references given for honesty, sobriety, and ability; last employed in the wholesale furniture business. Ad. G. 41, Daily News.

SITUATION WANTED.—Who will help a young man who has neither friends or money in a time of need; had 3 years' experience in office work; rapid writer; quick to learn; reference furnished; will some one give me a chance and pay me what they think I am worth? Ad. G. 47, Daily News.

JANUARY 7.

SITUATION WANTED—By a middle-aged man in a private family or to run a stationary engine; wages, board, washing, 50 cents per week. Ad. W. H. S., D. N.

JANUARY 17.

WANTED—A good man to take care of a horse and wagon for his board; must not be afraid to work; if suitable, will have a good home.

JANUARY 20.

SITUATION WANTED—By a young man; has had 3 years' experience at carriage painting; wages $5 per week; will do anything to make an honest living. Address L. 12, D. N.

SITUATION WANTED—Able and willing to work at anything where I can get an honest living to keep my family from starvation; must have work; can produce the best of reference; no objection to going into the country. Please ad. N. 7, D. N.

SITUATION WANTED—By a young man as coachman or anything to make an honest living; will work in city or country; best of reference. Ad. N. 5, D. N.

JANUARY 29.

SITUATION WANTED—Will pay $10 for a situation at a reasonable salary; have had 20 years' business experience; reference unexceptional. Ad. for 6 days, R. 48, D. N.

FEBRUARY 1.

SITUATION WANTED—By a married man, 24 years of age; like to do anything to work. Ad. X. 19, D. N.

FEBRUARY 19.

SITUATION WANTED—Look! I will give $25 for situation. A 1 city reference. Ad. T. 58, D. N.

FEBRUARY 20.

WANTED—Man to work around the house for his board.

FEBRUARY 22.

SITUATION WANTED—As watchman, or at anything whereby an honest man of 50 can earn an honest living.

And many others too numerous to mention. Must be single.

JULY 29, 1879.

SITUATION WANTED—I will give $25 cash for a permanent situation. Address, in confidence, C. 28, Daily Telegraph.

JULY 28.

SITUATION WANTED—By an educated young man in any business; will work for board and clothes. Address C. 17, Daily Telegraph.

SITUATION WANTED—By a widow lady; will work for board. Address C. 19, Daily Telegraph.

The CHAIRMAN. We have now learned a good deal of detail from you. State to us, as a man who has knowledge on the subject, whether the laboring man in the city of Chicago is in a bad condition.

Mr. STREETER. He is in a very bad condition. His condition is not so bad, of course, as it is in the winter time, but it is very bad at present.

The CHAIRMAN. What proportion of the laboring men and the mechanics in this city are out of employment entirely?

Mr. STREETER. I can tell you the number in my own trade, and the percentage is, I suppose, about the same in others. One-fifth or one-sixth of the men in my trade are out of employment.

The CHAIRMAN. Do you think that that rule applies to other occupations?

Mr. STREETER. It will not apply to all trades, because at this season of the year there are some trades brisk and others slack, but I believe that one-sixth of the working people of this city are out of steady employment.

The CHAIRMAN. How do the prices of labor correspond now with the prices in the last 5 or 6 years?

Mr. STREETER. As shown in the statistics that I have read, the reduction of wages has been gradual since 1872. That was the year before the panic. The total reduction is about 33⅓ per cent. In my trade the reduction has been a good deal more than that. Taking the non-union and the union printers all throughout the country, the reduction in the printing business has been at least 50 per cent. It has been 60 per cent. to the non-union men and 40 per cent. to the union men.

The CHAIRMAN. What is the general average daily pay of laborers?

Mr STREETER. These statistics were prepared with a good deal of care. The reduction in the price of unskilled labor has been less than in the price of skilled labor.

The CHAIRMAN. Are you informed as to whether there has been during the last year any suffering on the part of laboring men?

Mr. STREETER. I know from personal observation that there has been a good deal of suffering. Last winter people died from actual starvation in Chicago. It was stated in all the papers.

The CHAIRMAN. Is the condition of things here improving?

Mr. STREETER. No, sir; there is a little improvement, the same as there is every summer when men can sleep out of doors, and can manage to exist on what they can get to eat. In winter time they huddle into police-stations, while in summer time they stay outside.

The CHAIRMAN. Have you had any strikes here recently?

Mr. STREETER. Yes; the furniture workers had a strike, and the printers had a lockout four or five weeks ago.

The CHAIRMAN. What was the result of the strike?

Mr. STREETER. The result of the 8-hour strike was that the men went to work. As I understand it the objection of the employers was, not to the men working eight hours a day, but because they could not compete with other factories where the men were working 10 hours a day and so the men went back to work.

The CHAIRMAN. What is the general comparative condition of health in this city as between the laboring population and the non-laboring population?

Mr. STREETER. I have never paid any particular attention to that; but, judging from the outside of the houses where working people live, from the inside of the workshops and the printing offices where they work, I should think that the working classes would be a great deal more unhealthy than the non-working classes, because no attention

is paid to the ventilation of the workshops in this city, and some of the printing offices in this city are simply horrible.

The CHAIRMAN. What is the general rent of a tenement of two or three rooms?

Mr. STREETER. I cannot state, as I am boarding myself.

The CHAIRMAN. Do you see any permanent improvement at present in the condition of the laboring classes, as compared with 5 or 6 years ago?

Mr. STREETER. No, sir; I do not see anything of the kind. I noticed that some of the gentlemen here yesterday stated their opinion that there was an improvement in business. There may have been an improvement with them, and there may be more money in the banks, but we have none of it.

Mr. MARTIN. Do you not believe that the improvement of labor-saving machinery is a great injury to the laboring people?

Mr. STREETER. I do, most assuredly.

Mr. MARTIN. Mr. Sloan stated yesterday that their condition was much benefited by improved machinery.

Mr. STREETER. I think he is entirely mistaken. From the observation that I have given to the subject, and from the different authorities that I have read in respect to it, I am pretty well satisfied that labor-saving machinery is an injury to the workingmen, and I think that that proposition is easy of demonstration. I understood the other day that a machine has been invented in Philadelphia that will do the work of 20 or 25 printers.

Mr. MARTIN. Does not the improvement of machinery in your line of business throw a good many printers out of employment?

Mr. STREETER. So far as I understand it, the question is whether, if it throws 25 printers out of employment, it will not employ 25 other men in building the machinery; but after getting the machinery built it will not take more than one man to each machine.

Mr. MARTIN. What it takes 25 men to do now would be done by one man with this machine?

Mr. STREETER. Yes, sir; if the machine be a success.

Mr. MARTIN. What is the cause of the state of things that you have detailed to us, and what is the remedy for it?

Mr. STREETER. In the first place, I believe that the cause is the heartlessness of the aristocratic American people—their ignorance and heartlessness. They do not give half the attention to the working people in this country that they give to the heathen in foreign lands. That is one of the chief causes.

Mr. MARTIN. Your idea is that the cause is neglect of the laboring men?

Mr. STREETER. Yes; on the part of those who could make it much easier for the laboring classes. The newspapers are simply in the interest of one class of people—those who buy them for their advertisements. I lay the blame in the first place to the newspapers and to the aristocratic classes in this country.

Mr. MARTIN. What is your remedy?

Mr. STREETER. I have got several remedies. I have got a list of remedies prepared by the labor committee.

Mr. COWGILL. I understand you to say that the average reduction in the price of labor since 1872 is about 33⅓ per cent.?

Mr. STREETER. Yes, sir.

Mr. COWGILL. What reduction, if any, has there been during that time in the price of the necessaries of life?

Mr. STREETER. I figured it up in my own business, and there has been, I suppose, a reduction of probably 3 or 4 dollars a week in the cost of living.

Mr. COWGILL. What is the percentage?

Mr. STREETER. I think about 20 or 25 per cent.

Mr. MARTIN. Is the reduction in the cost of living equal to the reduction in the price of labor?

Mr. STREETER. No, sir. Take the Chicago Tribune, the Inter-Ocean, or any of these papers. The men work seven days a week on those papers. They used to pay 55 cents a thousand ems, which would be for a night's work (supposing a man to set up nine or ten thousand ems) about five and a half dollars a night. Now a man gets 36 cents a thousand ems, which (supposing him to set nine or ten thousand ems) is about $3.50 a night. So that there is a difference of $14 a week in the seven days' work.

Mr. SHERWIN. What would you do with the machine competing with you?

Mr. STREETER. That is a pretty hard question to answer. I see no way out of the difficulty unless the machine be made to benefit the man who works for a living, instead of benefiting altogether the man who does not work for a living.

Mr. SHERWIN. You are not against machinery per se?

Mr. STREETER. Not all.

Mr. SHERWIN. How would you manage so as not to have it compete with labor?

Mr. STREETER. I think that the machinery ought to be owned by the government and run by the government. I believe that the post-office system and the public-school system should be applied to machinery.

Mr. SHERWIN. To all kinds of machinery?

Mr. STREETER. To nearly all kinds.

Mr. SHERWIN. Would you apply it to railroads?

Mr. STREETER. I would certainly apply it to railroads first of all.

Mr. SHERWIN. Would you apply it to steamboat lines?

Mr. STREETER. Yes.

Mr. SHERWIN. And to printing presses?

Mr. STREETER. No; I do not think I would have it apply to printing presses.

Mr. SHERWIN. Then that remedy would not relieve the printers?

Mr. STREETER. Machinery has never bothered the printers so far. The first intimation I ever had of any machinery to interfere with the printers is this machine in Philadelphia that I heard of. So far as machinery is concerned we have had none in our business.

Mr. SHERWIN. How would you do with the improvements in farming machinery?

Mr. STREETER. I can see no possible way of circumventing machinery unless the benefit of machinery goes to the man whom it supplants.

Mr. SHERWIN. How would it go to the man whom it supplants in farming? About half of the laboring men of the country are farmers.

Mr. STREETER. It would go to them simply by the government owning the machinery.

Mr. SHERWIN. Owning the machinery that is used on the farm?

Mr. STREETER. Yes, sir.

Mr. SHERWIN. In other words the government would be a grand machine itself and would employ and pay all the laborers?

Mr. STREETER. Yes.

Mr. SHERWIN. The government then should be a commune?

Mr. STREETER. Yes. You have asked me these questions, and I am bound to answer them, but these are not the ideas, by any means, of the body that I represent. The body that I represent is simply a trades-union, and a very great many of its members have no such ideas.

Mr. SHERWIN. But that idea prevails a good deal, does it not?

Mr. STREETER. It does to a certain extent; and it is growing.

Mr. SHERWIN. If the government did own and operate the machinery, there would be still the same number of laborers unemployed as now?

Mr. STREETER. Yes.

Mr. SHERWIN. How would you furnish them work? How do you think the government could employ this unemployed labor?

Mr. STREETER. Simply by owning the machinery and taking the results of the work, and paying the profits of the work to the employés. Instead of laborers getting, as they do now, $\frac{1}{5}$ of the results of their work, they would get $\frac{4}{5}$.

Mr. SHERWIN. The government would own the products?

Mr. STREETER. Yes; the government would be pretty much of a commune.

Mr. SHERWIN. That would destroy competition entirely?

Mr. STREETER. Yes; it would do away with a great many of the evils that we suffer under.

Mr. SHERWIN. And do you think that that is the only way out of the difficulty?

Mr. STREETER. That is the only way I see out of it.

Mr. SHERWIN. I think you must have done a good deal to do in getting up these strikes?

Mr. STREETER. I have devoted a good deal of attention and care to them.

Mr. SHERWIN. You spoke in your statistics of the total earnings of wage-workers for 1878. Do you mean by that the earnings of the men actually employed?

Mr. STREETER. Yes. We add up all these things together, and divide them in order to get the percentage.

Mr. SHERWIN. Or do you mean the members of the trades-union?

Mr. STREETER. I mean the members of the trades-union.

Mr. SHERWIN. Some of them do not get any work at all.

Mr. STREETER. None of them are out of work the whole year. First we add up the total number of days' work for the whole craft, and the amount received.

Mr. SHERWIN. How many men are there usually in a trades-union? Take the harness-makers, for instance.

Mr. STREETER. I cannot give you any information in regard to numbers outside of my own union.

Mr. SHERWIN. There must be among the harness-makers 100 men who get hardly any work at all. That would bring down, of course, the average pay.

Mr. STREETER. That is hardly a supposable case.

Mr. SHERWIN. Whatever number there is unemployed serves to bring down the average?

Mr. STREETER. Yes.

Mr. SHERWIN. I have figured it up, and I find that if a laborer is employed the full time he will have 28 cents a day for his family more than you give him in these statistics. If that is so the wages would be of course materially benefited, and the real want would be, after all, want of employment more than a deficiency of wages.

Mr. STREETER. In the majority of these trades-unions the men out of

employment are supported directly by those who are in employment. That is our reason and justification for taking and adding up the wages of all the laborers in the trades-union and dividing them among all.

Mr. SHERWIN. In your statistics do you count the expenses of those who are out of employment?

Mr. STREETER. Yes; we count the expenses of all of them.

Mr. SHERWIN. Can you, as an individual, suggest any plan by which Congress can give relief by legislation?

Mr. STREETER. Yes; I have got it right here. It would require a constitutional amendment for some of the suggestions, but still you ask us for measures of relief, and we give them.

Mr. SHERWIN. You admit that Congress has no power to give this relief?

Mr. STREETER. In regard to some of the measures Congress has power. We got up this plan with the idea that Congress would originate the necessary amendments. Our plan is this:

1. Eight hours as the legal working-day, and prompt punishment for all violations.

2. Compulsory education of all children under fourteen years of age. All materials, books, &c., necessary in the public schools, to be furnished free of charge.

3. Loans to poor persons desiring to avail themselves of the benefits of the homestead law.

4. Some national plan by which wages can be collected before all other obligations.

5. A national bureau of labor statistics.

6. Prohibition of the use of prison labor by private employers or corporations.

7. All indirect taxation to be abolished, and a graded income-tax to be collected in its stead.

8. Prohibition of the employment of children under fourteen years of age in industrial establishments.

9. All conspiracy laws operating against the right of workingmen to strike, or to induce others to strike, shall be repealed.

10. Sanitary inspection of all conditions of labor (means of subsistence and dwellings included.)

11. Strict laws making employers liable for all accidents resulting, through their negligence, to the injury of their employés.

12. The right of suffrage shall in nowise be abridged.

13. National election days to be holidays, with severe penalties for violation.

14. Fine or imprisonment, or both, to be inflicted on employers for intimidation of workmen in exercise of elective franchise.

Views of Mr. P. H. McLogan.

Mr. P. H. MCLOGAN appeared before the committee as a volunteer witness, and stated that he was a printer by trade.

The CHAIRMAN. State in a general way the condition of the printing business.

Mr. MCLOGAN. The condition of the printing trade is worse than it has been at any time since 1872. There have been four or five reductions in the rate of pay, and we now earn within 50 per cent. of what we did in 1872.

The CHAIRMAN. How do you explain the falling off in the wages of printers?

Mr. McLOGAN. There are too many persons to do the work, and, therefore, we think that the reduction of the hours of labor would be a remedy. We are working now on morning newspapers from twelve to fourteen hours a day, and on evening newspapers perhaps ten hours a day, and we think that a reduction of the hours of labor to eight (one-fifth of the members of the trade being out of employment) would equalize it, and that then all would be able to find work. That is one remedy. Although the United States have now, I believe, on the statute-book an eight-hour law to be enforced in all the government establishments, still, as we understand it, it is not enforced, and we think that the government ought to set an example to the States and cities by enforcing its own laws.

The CHAIRMAN. Would you have the employer pay the same amount of wages for eight hours' work as for ten hours' work?

Mr. McLOGAN. I would say as an individual (and I think it is the general sentiment of the advocates of the eight-hour law) that we are willing to accept eight hours' pay for eight hours' work. We are willing to submit to the reduction of pay for the general good.

The CHAIRMAN. Have you any other idea to suggest with reference to measures of relief?

Mr. McLOGAN. Yes; I think that the prison contract system ought to be abolished. It is fruitful of evil in every direction. Men are sent here by the hundreds every year to go to State prison, and there they are taught trades, and they come out and compete with honest mechanics. The trades are not diversified in the prison, but there are probably three or four hundred engaged at one particular branch of business. They work at cheap rates, and the goods which they manufacture are shipped to Chicago to compete with the goods manufactured by mechanics here. The result is that mechanics have to work at starvation wages. This system is putting a premium on crime.

The CHAIRMAN. What is the difference between State's prison labor and free labor?

Mr. McLOGAN. The difference is that in the State prison the laborer is clothed, housed, and fed at the expense of the State, and they have the finest machinery and abundant capital, so that they are able to turn out goods in a better shape than private individuals or firms can do. The result is that the market adjacent to the State's prison is overstocked.

The CHAIRMAN. What I had in view was to get at the difference between the prices paid to State's prison convicts and to free men?

Mr. McLOGAN. The contractor pays from 18 to 23 cents a day for prison labor in some States, and 40 cents a day in this State.

The CHAIRMAN. Could a free man live at that rate of wages, and support his family?

Mr. McLOGAN. A mechanic outside of the prison who has to rent a house and to support his family cannot possibly compete with a person in a State institution who is fed and clothed there.

The CHAIRMAN. Are there many State-prison convicts employed in this city?

Mr. McLOGAN. Quite a number of them, when they come out of Joliet, come here and seek employment in the trade which they have learned at Joliet.

The CHAIRMAN. What work are the prisoners generally engaged in there?

Mr. McLOGAN. In cigar-making, and in cooperage. They have flooded the market in Indiana, Illinois, and Ohio to such an extent that the

cooperage business of these States is at starvation wages. In Jackson penitentiary, Michigan, they make a pair of shoes for 15 cents.

The CHAIRMAN. Is labor in a more depressed condition now than it has been at any time within the last ten years?

Mr. MCLOGAN. I think that during the year 1879 it is more depressed than it has been since the panic. There are less men employed and a less rate of wages paid.

The CHAIRMAN. Can you give us any reason why that is so?

Mr. MCLOGAN. The market is overstocked with labor, and I believe that the progress of labor-saving machinery within the last 20 years has helped to produce that result. Machinery has been improved to such an extent that a man is able now to do as much work in one day as 20 men could do 20 years ago without labor-saving machinery.

The CHAIRMAN. Is not the effect of labor-saving machinery felt more in agriculture than in any other occupation?

Mr. MCLOGAN. Yes; and the improvement of agricultural machinery has also affected the large cities, because thousands of men living in the cities had been in the habit every season of going into the country and seeking harvest work. That system is now almost effectually destroyed by labor-saving machines; and, from the comments of the newspapers on tramps, men are afraid to go into the country lest they will be arrested as vagrants or shot down. Any person has only to walk along the streets of our town to see hundreds, if not thousands, of idle men.

Mr. SHERWIN. Do you not think that more assaults are made by tramps on the people than there are by the people on tramps?

Mr. MCLOGAN. I cannot say that there are.

Mr. SHERWIN. Did you ever see a tramp shot down who was not a criminal?

Mr. MCLOGAN. I never saw it, but I read of it. I have read about innocent men who went seeking work being shot down.

Mr. SHERWIN. Have you read week after week of the assaults committed by tramps on farmers' wives?

Mr. MCLOGAN. I have.

The CHAIRMAN. When did you first hear of the word tramp?

Mr. MCLOGAN. I used to hear of English tramps tramping from town to town.

The CHAIRMAN. That was the case of journeymen seeking work; but when did you hear the word tramp applied to laborers seeking work?

Mr. MCLOGAN. Never before 1872.

The CHAIRMAN. State whether in your judgment the great majority of these people who are called tramps are not men who have been driven from their homes by necessity.

Mr. MCLOGAN. I believe it firmly.

The CHAIRMAN. From want of employment?

Mr. MCLOGAN. Yes.

The CHAIRMAN. And do you not believe that the crimes committed by them have been the result of idleness which they could not prevent?

Mr. MCLOGAN. Yes; I also believe that. The organization which I in part represent is very much in favor of a homestead law, and believes that if the Government of the United States has a right to subsidize railroad companies and steamboat lines, it has the same right, and it is its duty, to help poor men to get on farms, and not only to put them on farms but to provide them with labor-saving machinery and things of that character, and to take a lien on their farms for the repayment of the sum advanced.

The CHAIRMAN. Do you believe it is as much a deed of charity to help

a man by colonization, or by small advances to him when he gets on the land, as it is to give him the land?

Mr. McLOGAN. It is. It is useless to give him the land unless he has money to cultivate it.

The CHAIRMAN. Is there anything more unjust in the one than in the other?

Mr. McLOGAN. No, sir. It is useless to give a man land unless you give him the means to go upon it and cultivate it. Every day we hear the question asked, why not go west and go on a farm? Men cannot go west and get on farms if they have nothing to live upon, and nothing to put in crops with.

Mr. COWGILL. Let me ask you whether you know anything in regard to the habits of tramps in regard to their willingness to perform labor. Have you any actual observation or experience of the kind, or do you only speak from hearsay?

Mr. McLOGAN. I have conversed with people who called themselves tramps.

Mr. COWGILL. From your own observation or experience do you know anything about the habits of tramps, or about their inclination to labor, or to seek honest employment?

Mr. McLOGAN. Not of my own knowledge.

Mr. COWGILL. Then all that you know about it you have acquired by hearsay?

Mr. McLOGAN. Certainly, from information.

Mr. COWGILL. You do not know whether the class of men who tramp through the country from house to house and from town to town would labor if they could have employment?

Mr. McLOGAN. Not of my own knowledge.

Mr. COWGILL. How do you know whether half of these men, where they come into a farmer's house and ask for something to eat, or for clothes, or shoes, or a hat, or something of the kind, are willing to hoe a little bit of garden, or to saw a little bit of wood, while the lady is cooking a breakfast for them; or whether they would not prefer to go off hungry rather than go into the woodhouse or garden to do some work?

Mr. McLOGAN. I do not know anything about that.

Mr. MARTIN. Does a depression of labor exist among the unskilled laborers?

Mr. McLOGAN. Yes; both among the skilled and unskilled laborers.

Mr. MARTIN. To what extent does the depression exist among the unskilled laborers?

Mr. McLOGAN. I think it exists to as great an extent among the unskilled laborers as among the skilled laborers. My reason for judging so is that we have the laborer's union represented in our trades council, and we get their views. I think that depression exists among them to fully as great an extent as among skilled laborers.

Mr. MARTIN. How many unskilled laborers are now unemployed in this city?

Mr. McLOGAN. I should judge that about four thousand are unemployed, or are only partially employed for a day or two in the month.

Mr. MARTIN. Is it your opinion that they are unemployed because they cannot get work, or because they will not work?

Mr. McLOGAN. My opinion is that they are unemployed because they are unable to get employment.

Mr. MARTIN. Do you think that the question of currency has had anything to do with the matter?

Mr. McLOGAN. The question of currency is one in which we differ in the

trades council. My individual opinion is that the question of currency has considerable to do with it.

Mr. MARTIN. Do you think that the people would be better off with the currency inflated?

Mr. MCLOGAN. I think so.

Mr. MARTIN. Then you think that the contraction of the currency had something to do with bringing about the present state of things.

Mr. MCLOGAN. In fact, I almost know that it had.

Mr. SHERWIN. Admitting that the government has a right, and ought, to assist laboring men to go on farms, state whether you do not think that it would be better for the laboring men, and just as cheap for the government, to expend the same amount of money in purchasing little homes for them in the suburbs of a city, or purchasing lots and letting them build their own houses.

Mr. MCLOGAN. It would not be as effectual, for this reason, that buying a laborer a house and lot in the city would not give him any more work to do.

Mr. SHERWIN. But the government might buy him a garden plat?

Mr. MCLOGAN. In such a city as Chicago the government would have to pay a thousand dollars for a building lot with a plat large enough to allow a man to plant a few heads of cabbage.

Mr. SHERWIN. But the government could do that with the same propriety, could it not?

Mr. MCLOGAN. Certainly. The fact has been that the few mechanics here who went to work and invested their savings in small houses and lots just before the panic paid extravagant rates out in the suburbs; the result was that the panic came along, and the depression, and the property was reduced 50 or 60 per cent. in value.

Views of Mr. C. McAuliffe.

Mr. C. MCAULIFFE appeared before the committee as a volunteer witness.

The CHAIRMAN. What trade do you represent?

Mr. MCAULIFFE. I am here as one of the representatives of the tanners, and shoemakers, and horse-collar makers, and clothing workers I belong myself to the printing trade; I work for the Daily News. I would like to make a short statement from notes that I have got. I call attention to the fact that for a long time there has been in this world a class known as the conservative class, attempting to retard the world's progress. The best representative of that class in America is the newspaper press. The newspapers have done all they could to throttle the movement for the emancipation of the laboring man; they lie every day, and when you send in a communication and show the fallacy of their arguments they vilify you.

The CHAIRMAN. How is it when they want the workingman to go into the army?

Mr. MCAULIFFE. O, then they are very friendly to him. I wish now to speak of the eight-hour law. As the eight-hour law now stands it applies only to men working for the government; but I believe that Congress has the power to make it apply to the whole country. Section 8, article 3, of the Constitution of the United States says that Congress shall have power to regulate trade with foreign countries, &c., and the next section throws open the ports of every State to the commerce of every other State. Now, if one State should go to work, as it has got a a right to do, and shorten the hours of labor so that all its working

people may have work, that State would become a prey to all the other States of the Union, because all the other States making their laborers work for longer time, would be able to produce goods cheaper, and would take away the market from the State that adopted the eight-hour rule. I hold that every State has the right to shorten the hours of labor, and to call upon the other States to do likewise. If one State keeps laborers working in its cotton mills eleven hours a day, and another State only ten hours a day, the latter State has a right to call upon Congress, and I think that Congress has a right to take action in the matter. Another thing that I wish to insist upon is the compulsory education of children under 14 years of age.

The CHAIRMAN. Would you have the general government attend to that matter?

Mr. MCAULIFFE. Yes.

Mr. MARTIN. You would have Congress pass a general law applicable to all the States?

Mr. MCAULIFFE. Yes. It is a general principle over all the civilized word that no government can take private property without compensation; but yet that is done in the State of Illinois every day in the week. It has been stated by an eminent man that a profession is property. If a profession is property then a trade is also property; and yet the State of Illinois goes into competition with honest tradesmen, teaches trades to the convicts in the State prisons, and as a matter of course takes away from me my trade, which is my property.

The CHAIRMAN. You put that on the same footing as the rule that a government shall not take private property for public purposes without compensation?

Mr. MCAULIFFE. Yes; and my trade is my private property. It is also claimed that the government cannot come in and assist the poorer classes by reducing the hours of labor. Now, it is only within the last fifty years that this let-alone policy came into practice. In English history in every case where the workman has been attempting to get decent wages Parliament has stepped in and said that he shall not do it. This divine right of private contract does not exist in everything after all. Common carriers can contract, and yet nobody supposes that the man who employs a common carrier cannot defend himself from the injustice of the common carriers just as the ordinary workingman can defend himself from the injustice of his rich employer. I do not think that a starving workingman has much freedom of contract in hiring out his labor to a Scott or a Vanderbilt. We need laws to put a stop to overtowering corporations. People are continually talking about what the workingmen will do to pull down the government, but I want to state to this committee that if anything ever did help to pull down the government it would be bribery and corruption; and these overpowering corporations have now got it so that they can shake the Uniten States Government at their very will, and men fall bribed and rotten. A third point is that national election days are to be public holidays. The necessity for that every one working for wages knows. If the politics of the workingmen do not suit the employer he is always in an exceedingly great hurry that day, and the workingmen cannot possibly go out to vote. For that reason we do not vote at all.

The CHAIRMAN. You ought to go a step farther, and prohibit the workingman from working on a national election day.

Mr. MCAULIFFE. That would take in not only the employer but the employed. Fine or imprisonment, or both, should be inflicted on an employer for intimidation of workingmen in the exercise of the elect-

ive franchise. Such intimidation is practiced in Chicago at every election. In the last election here for members of the legislature one of the street railroad companies gave it to be understood to their employés that if they did not vote the ticket which the employers favored the workingmen would work no more for them.

The CHAIRMAN. Do you know that to be a fact from personal observation, or only from hearsay?

Mr. MCAULIFFE. I have such evidence of it as is undeniable. Even the Republican party organs, in whose favor it was done, do not deny it. The Tribune does not deny it; nor does the Inter-Ocean deny it. The matter was brought up before the Illinois legislature, but the legislature being rotten to the core would not investigate it. In that case it was not the negro who was intimidated, but the free workingman.

The CHAIRMAN. Do Democratic employers do that as well as Republican employers?

Mr. MCAULIFFE. Undoubtedly. I merely give that as an example, because it is done by the "God and Morality party," and of course if it is done by that party it will be done by the other party.

There has been something said about machinery, and on that point I desire to state the views of the body of men whom I was sent here to represent. These views are, that although machinery has been, up to the present time, in some respects a blessing, yet comparatively it has been a curse. If there was only a hundred dollars in the world, and if one man had 99 dollars of that he would be a terrible millionaire, and would lord it over all the rest of creation. At one time, before the introduction of machinery, fortunes were not so large as they are now, and yet workingmen were just as rich as they are now, and to some extent richer. Of course the comforts of the workingman have undoubtedly increased, especially if he is in employment, but his comforts have not increased in proportion to the increase in the wealth of the country. So that although he gets a positive increase of happiness in consequence of machinery, yet comparatively machinery is a curse to him, because he sees men so much richer than he. In that way I consider machinery a curse. The time will come, I presume, when it will be a blessing, but now it is (and is so confessed to be) a curse to the workingman. A man might be happy with one coat if somebody else near him had not got five coats a good deal finer.

The CHAIRMAN. You regard machinery as a blessing to the workingman if he can find employment, but you think that when the machinery becomes a monopoly it is an injury to the workingman?

Mr. MCAULIFFE. Yes; in order to keep even with the increase of labor-saving machinery the hours of labor must be reduced. That is the only possible way in which half of the working people can live.

Views of Mr. C. F. Kenyon.

Mr. C. F. KENYON came before the committee as a volunteer witness.

The CHAIRMAN. What organization do you represent?

Mr. KENYON. I came here from the trade and labor council. I come especially in the interest of the shoemakers. I believe that the shoemaking craft to-day in the city of Chicago is the heaviest sufferer of all the crafts here. That trade has fallen off within the last eight months nearly, if not quite, 33 per cent. Where there were 500 men employed in a factory, there are not now over 350. A majority of the men in that trade are out of employment, and the others are only working one-half or one-third of the time.

The CHAIRMAN. What proportion of the men in that trade are out of employment?

Mr. KENYON. I should say about 33 per cent.

The CHAIRMAN. How long have they been out of employment?

Mr. KENYON. About eight months.

The CHAIRMAN. Is there any prospect of things becoming improved?

Mr. KENYON. None whatever. In that trade the worker has been injured by the introduction of new machinery and by work going to prisons. A particular firm here has introduced a great number of new machines that affect every branch of the shoe business; and in that shop alone two out of every five workers have been thrown out of employment. That firm does not send work to the prisons.

The CHAIRMAN. To what prisons is shoemaking work sent?

Mr. KENYON. To Joliet, to Waupun, Wis., to Michigan City, Ind., and to Jefferson City, Mo.

The CHAIRMAN. What kind of work is sent there?

Mr. KENYON. The most inferior kind of work.

The CHAIRMAN. How much cheaper is the work done there than it can be done here in the city?

Mr. KENYON. Convict laborers there get probably 40 or 45 cents a day. Here a man, if steadily employed, gets $2 or $2.50. If he is a skilled workman, and works by the piece, he earns more.

The CHAIRMAN. Is all labor in the shoemaking business done by the piece?

Mr. KENYON. Yes, sir; nearly all. Within the last eight months they have inaugurated a new method of working here, and are trying to hire the men by the week. It has been a losing affair in one or two instances, but the employers hope, by reducing the wages again, to get the rate so low down as to make up for what they have lost.

The CHAIRMAN. Has it been a rule for years in this city in your trade to work by the piece?

Mr. KENYON. Yes; and is so throughout the whole United States.

The CHAIRMAN. Is the shoemaking business in this city in a worse condition now than it has been at any time since 1873?

Mr. KENYON. It is, most assuredly.

The CHAIRMAN. Are there prospects of improvement in it?

Mr. KENYON. None whatever, because a majority of the work is going to the prisons. By the use of machinery there manufacturers are enabled to take a good portion of the work from us and give it to convicts. The convicts can do the work much easier, and learn it more rapidly, than they could before the introduction of machinery. We do not object to the use of machinery in the trade if we could abolish the prison contract system. There would be then plenty of work, even with machinery, and the use of machinery would not interfere with our wages. It is the convict work that is the principal stumbling-block in our way.

Mr. MARTIN. Do you consider the convict labor the cause of the depression in the trade?

Mr. KENYON. I do—that combined with machinery. But if we could remove one cause (the contract system) we would have removed the principal cause.

Mr. MARTIN. Then your remedy would be to abolish the convict labor system?

Mr. KENYON. Assuredly.

Mr. MARTIN. And you think that if that were abolished, the disadvantage in regard to machinery could be endured?

Mr. KENYON. Yes.

Mr. SHERWIN. What would you do with the convicts?

Mr. KENYON. I do not know; there have been various theories advanced on that point. I am not a very deep thinker myself on the subject, but I think I would utilize Alaska for convicts, just as England utilizes Australia. Under the protective policy of the government the laboring man in the United States is protected against the cheap labor of England, but he is not protected against the cheap labor of the State prisons.

Mr. SHERWIN. Suppose that the convicts were put at unskilled labor?

Mr. KENYON. That would affect the common laborer.

Mr. SHERWIN. Suppose that the convicts were put to labor on public works?

Mr. KENYON. I think that that would work first-rate. It would be an advantage to the State, and would be at the same time no detriment to the common laborer.

Mr. MARTIN. Is the unskilled labor as depressed in this city as the skilled labor?

Mr. KENYON. Yes, to as great an extent.

Mr. MARTIN. What is the cause of that?

Mr. KENYON. I cannot tell you.

Mr. MARTIN. Are there people in the city who cannot get work?

Mr. KENYON. Yes, sir; I myself have been out of employment for nearly seven months.

The CHAIRMAN. Have you been seeking employment all that time?

Mr. KENYON. Very nearly all that time.

Mr. MARTIN. Have you always lived on the proceeds of your labor?

Mr. KENYON. Yes, sir.

Mr. MARTIN. How have you been living for the last seven months?

Mr. KENYON. I do a little writing occasionally for parties outside of my business.

Views of Mr. George Rogers.

Mr. GEORGE ROGERS appeared before the committee as a volunteer witness, and stated that he was an iron-moulder.

The CHAIRMAN. Let us hear the condition of the people in your trade?

Mr. ROGERS. The people engaged in my industry have been reduced fully 65 per cent. since 1873, in this city, although in the statistics furnished to the committee the reduction is only set down at 37 and a fraction.

The CHAIRMAN. The iron business has been more depressed since 1873 than any other business.

Mr. ROGERS. Not in the stove branch.

The CHAIRMAN. What proportion of the men in your trade are out of employment at this time?

Mr. ROGERS. At this season of the year they are mostly all employed. This is the busy season. Our slack season is in the winter months, January, February, and March.

The CHAIRMAN. During the summer season you are generally all employed?

Mr. ROGERS. Yes.

The CHAIRMAN. Where is the falling off?

Mr. ROGERS. For the agricultural implement branch of the business winter is the busy time.

The CHAIRMAN. Taking it as a general thing in your trade, are you in a condition of improvement?

Mr. ROGERS. No, sir; we are going behind every day in our wages; since 1873 the wages have been decreasing; they cut us off slice by slice; they commenced with a reduction of 5 per cent. one year; the next year the reduction was 10 per cent.; the next year 15 per cent.; and so on ever since the panic began.

Mr. SHERWIN. What do you suppose is the reason why your wages were cut down?

Mr. ROGERS. Scarcity of money, I think.

Mr. SHERWIN. Do you suppose that if the manufacturers could pay you any more they would do so?

Mr. ROGERS. I do not think they would; they generally get their two feet in the trough and keep them there; I think that the raw material has come down fully 50 per cent.

Mr. SHERWIN. Then it is not the times that are to blame, but the men?

Mr. ROGERS. Yes; it is the men; iron has come down since 1873 50 per cent. and labor has decreased, on the average all over the country, 50 per cent. in that line of business.

The CHAIRMAN. Give us an idea of the rent of tenements in this city?

Mr. ROGERS. Do you consider a tenement-house with three rooms large enough for a man with a wife and three children?

The CHAIRMAN. In my country a tenement-house with three or four rooms is regarded as sufficient for the accommodation of an ordinary family. That is in the mining district.

Mr. ROGERS. That is about the idea here. As a general thing workingmen have to pay at the rate of $2 a room. For a house with three rooms they pay $6 a month; with four rooms, $8 a month; five rooms about $10 a month.

The CHAIRMAN. Doos the tenant pay the taxes?

Mr. ROGERS. No, sir.

The CHAIRMAN. Does the tenant pay for the repairs?

Mr. ROGERS. He pays for the repairs, but he does not pay the taxes. Some gentleman asked a question about tramps. I have been on tramp considerably too. I tramped at one time through Ohio and Michigan. Some of the farmers refuse a tramp anything to eat; but there are lots of good farmers throughout the country who do not refuse a tramp. Some farmers when they see tramps coming along set the dogs on them. I was always willing to labor, because I had a wife and family to support, and there are hundreds of these tramps who have wives and families to support.

Mr. COWGILL. How often were the dogs set upon you?

Mr. ROGERS. I cannot say; but it was more than once. That was in Ohio near the Michigan State line. When I crossed the State line and got into Michigan I was often refused a drink of water because I was a tramp. I asked a drink of water one day from three or four women who were sitting in a log house, and they commenced laughing at me and abusing me.

The CHAIRMAN. In your judgment have not the greater portion of these men who are called tramps been driven into that condition because they could not procure employment, and are they not willing to work if they could get employment?

Mr. ROGERS. Certainly they were. Previous to 1873 such a thing as a tramp was not known in the country. That shows that the tramp system is the result of the depression of labor.

The CHAIRMAN. You heard the word tramp applied before to mechanics going from one place to another in search of employment?

Mr. ROGERS. Certainly, I did.

The CHAIRMAN. And you never heard the word tramp applied to the same class of men to whom it is now applied?

Mr. ROGERS. No; it is only the newspapers that apply it. I do not think that any honest American citizen applies it.

The CHAIRMAN. In your travels were you after work?

Mr. ROGERS. I was.

The CHAIRMAN. Were there others with you in like destitution who were also looking for work?

Mr. ROGERS. Yes, sir.

The CHAIRMAN. Was there any misbehavior on the part of those persons with you, or any crimes committed by them?

Mr. ROGERS. There was not any crime committed by them. At one time we were hungry and called at a house and asked for a cold lunch. The woman refused us, and one of the fellows went in and took half a loaf of bread out of the house and we ate it. It was just after the dinner hour and the bread was on the table. We asked the lady of the house to give us a little something to eat, as we were hungry and had been tramping all day. She said she had nothing in the house. Then one of the men who was with us went into the house and took out a half loaf of bread and we sat down and ate it. That was the only crime I ever saw committed by tramps.

The CHAIRMAN. Were you wandering from one part of the country to another, without any definite object?

Mr. ROGERS. I was looking for employment at my trade.

The CHAIRMAN. Were you going from one iron establishment to another?

Mr. ROGERS. Yes; from one city to another.

The CHAIRMAN. With a prospect of getting work at your trade?

Mr. ROGERS. Yes, sir.

The CHAIRMAN. How long were you in that condition?

Mr. ROGERS. I have been in that condition several times.

Mr. COWGILL. If you could not get work at your trade, why did you not abandon it and go to something else?

Mr. ROGERS. I have done so already. I found that I could not make in honest living at my trade; so I abandoned it; and there is not one mechanic out of a hundred who can make an honest living at his own trade. Questions have been asked about machinery. I do not myself believe in making a co-operative institution out of the government. I do not believe in the government running railroads, and steamboat lines, and telegraph lines. I know that the Post-Office Department is run on the co-operative principle; but just look at the pool which the Republican party has got in the Post-Office Department, and in the custom-houses. I believe that there are some 80,000 employees in the Post-Office Department; and do you not suppose that the Republican party controls the whole of their votes?

The CHAIRMAN. Ask Mr. Cowgill, here.

Mr. COWGILL. I know that it does not by a great deal.

Mr. ROGERS. Now, if the government should go to work and run the railroads, where there are nearly a million of employees, the party in power would control their votes. So with the telegraph and steamboat

lines. And by and by there would be no right of franchise in this country at all, beeause the party in power would always manage to keep in power.

Mr. SHERWIN. What do you want the committee to recommend?

Mr. ROGERS. I should certainly recommend this committee to do all it can in the way of distributing land among the poor.

Mr. SHERWIN. You would recommend an addition to the homestead law?

Mr. ROGERS. I should give homestead settlers four or five or six hundred dollars on a small rate of interest not to exceed 4 per cent. I think that if such a plan were in operation 15,000 would leave this city to-morrow and go on farms.

Mr. SHERWIN. How long do you suppose they would stay on farms?

Mr. ROGERS. I wish I had money to go on a farm, and I would stay.

Mr. SHERWIN. Do you know anything about farming?

Mr. ROGERS. I know considerable about farming; I was raised on a farm. The question is often asked workingmen why they do not go west and settle. If a man who asks that question will only give the wherewithal he will find lots of men to go. As it is now with workingmen they are $120 in debt at the end of the year, and they cannot pay that off unless their wives take in washing. My wife does not do that, but she keeps a boarding-house. There is not one of these men whose wives and children have not to do something to help. That is a reason why I want to do away with child labor, which certainly does come in conflict with unskilled labor. Every child that is employed in a factory keeps a man out of employment. The children should be sent to school. We want education in this country. Every man should know his rights, and statistics show that we have now a great number of uneducated people in this country.

The committee here adjourned until 12 o'clock to-morrow.

CHICAGO, *July* 30, 1879.

Views of Dr. James Taylor.

James Taylor, Ph. D., came before the committee as a volunteer witness. He stated in reply to preliminary questions that he is a resident of the city of Chicago, and has resided here permanently for the last five years; that he came to this country in 1858, and has been living on his estate in Wisconsin; that he is a physician, but is not now practicing. He said: Last year when I heard that the Hewitt committee was about to come to this city, I prepared some memoranda to submit to it. The committee, however, did not come, but I understand that this committee is a continuation of that one. Therefore the remarks which I had prepared to submit will be appropriate now.

The CHAIRMAN. You may read your paper.

Dr. Taylor thereupon read the following paper:

To the Hon. Committee of Congress appointed to inquire into the cause of the depression of labor:

I respectfully submit that if it were the first time that labor had been depressed, trade stagnated, and the prosperity of the people blighted, I should approach the subject with great diffidence; but it is well

known to the committee that this country has been subject to periodical revulsions since the foundation of the government, and if all these revulsions can be traced to a common origin, and can be shown to be effects produced by an identical cause, it may be fairly concluded that the depression of labor at the present time is the result of a latent but permanently operating force.

This permanently operating force may be found in our monetary system, and the history of panics points significantly to both the cause and the effect. Panics have been so frequent and so uniformly the sequel of contraction that it is astounding that there can be a shadow of doubt as to their cause on the mind of any one who has given attention to the subject. Panics have always been preceded by a contraction of credit and currency, and universally followed by depression of trade, commerce, and labor, which I shall endeavor to show.

The early history of the colonists gives a remarkable instance of the effect of a monetary system on the prosperity or impoverishment of a people—its power to produce contentment and order or give rise to discontent and turbulence. The progress of the colonies was so rapid that England became jealous of their prosperity. This prosperity had been achieved by a circulating medium of bills of credit, which for a time was their only money. Such was the rapid advancement of the colonies with this purely American money that Edmund Burke said of them: "Nothing in the history of mankind is like their progress. For my part I never cast my eye on their commerce and their cultivated and commodious life but they seem to me rather nations grown to perfection through a long series of fortunate events and a train of successful industry, accumulating wealth in many centuries, than the colonies of yesterday—than a set of miserable outcasts a few years ago, not so much sent as thrown on the bleak and barren shores of a desolate wilderness 3,000 miles from all civilized intercourse."

In 1772, and for some time previous, England manifested objections to the colonial paper-money, at length determined to prohibit its use, and required all taxes to be paid in coin. When this subject was under discussion, Benjamin Franklin, then in England, defended the paper-money of the colonists. He said: "On the whole, no method has hitherto been framed to establish a medium of trade, in lieu of money, equal in all its advantages to bills of credit founded on sufficient taxes for discharging them, or land securities of double the value for repaying them at the end of the term, and in the meantime made a general legal tender. The experience of now nearly a century in the middle colonies (New York, New Jersey, and Pennsylvania) has convinced them of it among themselves by the great increase of their settlements, numbers, buildings, improvements, agriculture, shipping, and commerce, and the same experience has satisfied the British merchants who trade thither that it has been greatly useful to them, and not in a single instance prejudicial." Nevertheless, the British Government determined to suppress bills of credit, and passed a law to that effect.

This went into operation in 1773, caused a contraction of the circulating medium, which paralyzed all the industrial energies of the people. Ruin seized upon these once flourishing colonies, the most severe distress was brought home to every interest and to every family, discontent was urged to desperation, till at last human nature arose and asserted its rights.

There can be no doubt that the business depression, added to a demand for taxes in coin, which they did not possess, aggravated the

colonists as much as the imposition of taxes, and precipitated the Revolution.

Panics have occurred with all their train of disasters in 1809, 1814, 1819, 1825, 1834, 1837, 1839, 1841, 1857, 1861, 1873, all of which have had a like cause.

I subjoin a report of a committee of the State legislature of New York on the panic of 1819. I subjoin, also, a report of a committee of the senate of the State of Pennsylvania in 1820.

These reports will show the state of the country in those years to be precisely like the present; and though these reports are now sixty years old, they are as applicable to the circumstances of the present time as they were to the circumstances that then called for investigation.

Every panic has been preceded by contraction and followed by shrinkage of value and business stagnation, so that an investigation into one panic is sufficient to explain the cause of all.

In 1836, the prosperity of the United States was such that the whole of the public debt was paid off, and forty millions of dollars had accumulated in the Treasury in excess of the public requirements. This revenue had accrued under the extraordinary activity of trade, occasioned by the public deposits being placed with private banks, after their removal from the United States Bank. Large issues of currency, based on these deposits, were made. But Congress ordered the $40,000,000 of surplus revenue to be divided among the several States; this withdrew the basis of the bank issues, and trade received a shock. Many banks failed, and the government lost $2,000,000 by broken banks. Upon this President Jackson determined that the public revenue should be paid in coin, and accordingly issued the "specie circular"; this soon withdrew coin from the banks, caused the suspension of many, and occasioned the panic of 1837. Thus, from the height of prosperity the country was cast into the depth of adversity by an extraordinary demand for coin, which was not attainable. Here is both cause and effect, not a mere coincidence. There are those who attribute the present embarrassment to the large public debt, but here is historical proof that the country has had *depression both of labor and trade when no debt existed.* A deficiency of currency was the cause of this panic, coupled with an unusual demand for coin.

Business, after a time, revived, the banks had resumed, but now began the discussion of the "sub-treasury act." The mere apprehension of losing the public deposits checked the amount of issues by solid banks, but reckless adventurers soon found a field for their operations, and the country was flooded with "wild cat." In 1840, the sub-treasury act was passed, placing the public money in the sub-treasuries. The banks again suspended, panic followed, thousands of merchants were ruined, real estate fell in value, multitudes of men were thrown out of employment, and want and crime became general. Here, again, is cause and effect very plainly evinced. There was an insufficiency of coin.

In 1857, England drew from the United States thirty millions of dollars to support the tottering credit of the Bank of England. This again withdrew the basis of bank circulation, panic followed, with all its train of evils, spreading disaster broadcast—a similar result from a similar and adequate cause, the want of more coin. In 1861 the first loan of the war was made by the associated banks to the amount of $150,000,000. Secretary Chase demanded payment in coin; the result was that all the banks suspended in December of that year. Gold was insufficient. Like causes may be shown to have occasioned all the panics in this

country and in England, and are now operating in Germany, to which attribute the rise of communism and general discontent

When we find a uniform sequence of undue contraction followed by depression and discontent, we are justified in the conclusion that the first is the cause, and the second the effect. But not only is the defective monetary system the cause of panics, but it is a standing impediment to the progress of the American people. To say that panics are caused by overtrading is arrant nonsense; the true cause is an insufficiency of legal-tender money, which checks trade and causes a falling off of consumption.

In 1861, the banks having suspended, the Treasury note became a necessity; the war was growing in magnitude and the exigencies of the government great. The bank-note currency broke down, proving that in peace it brings panics and in war is an utter failure.

The panic in 1873 was the result of contraction commenced in 1866; that it did not culminate sooner, was because it required time to produce a universal effect. In 1866, trade was carried on mainly on a cash basis, but when contraction began, the eagerness of men to maintain their trade led them to give credit; this in a few years failed, and brought with it loss of confidence as well as loss of money.

The annual increase of the number of bankrupts tells the irrefragable tale, and the great depression of trade confirms the fact that contraction of the medium of payment is the sole cause of the adversity that overwhelms the land and threatens turbulence and violence. Having pointed out that panics, revulsions, and disaster are the result of defective currency, perhaps it will be thought incumbent upon me to show

WHAT THESE DEFECTS ARE.

On this subject I have long come to a conclusion which is warranted by experience and confirmed by history. The insufficiency of coins became evident as early as the twelfth century. Commerce, by the enterprise of the Venetians, had greatly increased. To facilitate exchanges, the debt of Venice was made available as a mediums, of exchange. The transfer of credit from one to the other was made in settlement of commercial transactions. Thus dead capital was converted into active capital.

To obviate the inconvenience of coins and the loss from attrition, certificates of deposit were issued and used as money; and this system was introduced in England in the latter part of the twelfth century by Italians, who were familiar with the practice in Venice. These men became the fiscal agents of the feudal land lords and grew in credit. They received deposits for safe-keeping, and soon found that their notes, payable to bearer, would pass from hand to hand as money, and yield them as great a profit as so much money. On this principle banks of issue were founded, and this is the practice of the English and American banks to this time.

This system reverses the order of business, and gives to a privileged class the advantage of receiving interest on what they owe. It has nothing but custom to recommend it; it is neither useful, safe, equitable, nor necessary, and has caused repeated disasters wherever it has been practiced. It will be perceived that this system of currency came into use without legislation; it is not the result of any well-considered law, but a mere custom, which has been tolerated until a powerful interest has grown up dangerous to commerce, dangerous to society, and dangerous to the State. Promissory-note currency is a pernicious medium of

exchange; such notes are always issued in excess of the means of payment, and hence the frequent panics. Whenever there is a general demand for payment, the banks contract their accommodation and contract their issues, to save themselves, regardless of every other interest. They bankrupt by this process thousands of citizens, and not unfrequently they bankrupt themselves. There are very few men living that have not suffered by promissory-note currency.

The legislation of the last twelve years has been conducted on the principle of bankers. It was introduced into Congress on the recommendation of Secretary McCulloch, a banker, whose experience did not go beyond the experience of a banker, but it has proved a great calamity to the country. It has bankrupted thousands, ruined hundreds of thousands, it has reduced many that were prosperous to poverty, and driven many in their despair to self-destruction.

The great evil of promissory-note currency is that banks can contract and inflate the currency at pleasure. Inflation sets the industries of the country in activity, multiplies production, and increases the prices of labor and every kind of property. Then follows contraction, industries are interrupted, trade stagnated, and a depreciation of all values except money. Capitalists then gather in by foreclosure the savings of industry.

The fortunes of industrious citizens are periodically transferred to the money-lender. It is by this system that in England wealth has been gathered into the hands of the few while the masses are in poverty. The absurdity of the State bank currency may be illustrated thus: A banker pays out his unsecured note bearing no interest, to discount the note of another which bears interest and is well secured.

The contraction of the currency has doubled all indebtedness by raising the value of money; it has doubled our taxes and diminished the means of payment. A bushel of wheat in 1866 would pay two dollars of tax; it will not pay more than seventy-five cents now.

Consumption has fallen off because of the poverty of the people. All the depression, poverty, and much of the crime that now overwhelms the country are the result of the contraction of the currency.

A few words as to

WHAT IS THE REMEDY.

A century of experience has proved that bank-note currency is an unmitigated evil. It places the control of the supply of currency in the hands of men whose personal gain is their sole object, regardless of all other considerations. When trade is active and requires expansion, banks, governed by the amount of their reserves, contract their issues, curtail their accommodations, and thereby embarrass the whole trade of the country. A currency based upon private credit is ever fluctuating in volume, not in accordance with the wants of trade, but directly the opposite. The greed of gain leads them to hold the minimum of reserve, and hence the commerce of the nation is in perpetual jeopardy. The remedy is to substitute national security in the place of private credit. We shall then have no general run for payment, and, consequently, no panics.

As much currency as is necessary to effect the exchanges of the country would float at their face value, and thus we should have *a measure of the wants of trade—as much as would float at par.* This limit is based on the fundamental principle that governs all prices, namely, *supply* and *demand.* This would be only substituting the credit of the nation for

the credit of an individual or firm—the whole for a part—the highest security for an inferior one.

The State banks were a great evil, but national banks are a still greater evil; their capital is locked up in bonds, and the whole risk is thrown on depositors. It is true their notes are secured, but they are redeemable in greenbacks, therefore they are not better than greenbacks. It would on that account be better to have legal-tender government notes and save the interest on that amount of debt. National banks would then sell their bonds and employ their capital in their business, greatly to their own advantage and to the advantage of the business of the country, and at the same time give security to depositors. It is absurd for a money-lender to lock up his capital in bonds and trade with the deposits of his customers. It is unfair to depositors that the whole risk of failure should be cast upon them when they have no share in the profits of success. Besides, to lock up bank capital in bonds withdraws so much capital from trade and tends to stagnate industries. The profits of banks depend on the prosperity of the people; therefore it would be to the advantage of banks to retire their issues, to be replaced by national money. National currency issued to the extent proposed would not be inflation, but promissory notes of banks are sure to be issued in excess of the gold in the hands of the banks, and thus will inflation, followed by contraction, panic, and commercial disaster, be perpetuated. As it has been in the past so it will be in the future, and committees of inquiry will be as necessary in 1920 as they were in 1820, and the results will be the same. Prosperity may be again restored to the country by repealing all acts of financial legislation for the last seventeen years, except the tax on State bank issues, and let the legal-tender act, as it passed the House before it was mutilated in the Senate, be made a law. We shall hear no more of "hard times," and the "depression of labor" will cease to be a matter of inquiry. The commerce of the world has outgrown the supply of gold, and every attempt to make all forms of credit redeemable in gold can result only in commercial disaster, depreciation of values, increase of indebtedness, and depression of industries.

These views are respectfully submitted to the honorable committee by

JAMES TAYLOR, *Ph. D.*,
Chicago, Ill.

REPORT OF THE COMMITTEE OF THE STATE LEGISLATURE OF NEW YORK IN 1818.

Of all aristocracies none more completely enslave a people than that of money, and, in the opinion of your committee no system was ever better devised so perfectly to enslave a community as that of the present mode of conducting banking establishments. Like the Siren of the fable, they entice to destroy. They hold the purse-strings of society, and by monopolizing the whole of the circulating medium of the country they form a precarious standard, by which all property in the country—homes, lands, debts and credits, personal and real estate of all descriptions—are valued, thus rendering the whole community dependent on them, proscribing every man who dares to expose their unlawful practices. If he happen to be out of their reach so as to require no favor from them, his friends are made the victims, so no one dares to complain.

The committee, on taking a general view of our State, and comparing those parts where banks have been established with those that have none, are astonished at the alarming disparity. They see, in one case, the desolation they have made in societies that were before prosperous and happy; the ruin they have brought on an immense number of the more wealthy farmers, and they and their families suddenly hurled from wealth and independence into the abyss of ruin and despair. If the facts stated in the foregoing be true (and your committee have no doubt that they are), together with others equally reprehensible and to be dreaded, such as that their influence too frequently, nay, often already, begins to assume a species of dictation altogether alarming, and unless some judicious remedy is provided by legislative wisdom, we shall soon

witness attempts to control all selections to offices in our counties, nay, the elections to the very legislature. Senators and members of assembly will be indebted to the banks for their seats in this capitol, and then the wise end of our civil institutions will be prostrated in the dust of corporations of their own raising.

REPORT OF THE COMMITTEE OF THE SENATE OF THE STATE OF PENNSYLVANIA, CONDY RAGUET, CHAIRMAN, FEBRUARY 20, 1820.

In ascertaining the extent of public distress, your committee has had no difficulties to encounter. Members of the legislature from various quarters of the State have been consulted in relation to this subject, and their written testimony in answer to interrogatories submitted to them by the committee have agreed, with scarcely a single exception, on all material points.

With such respectable weights of evidence, added to that which has been derived from the prothonotaries, recorders, and sheriffs of the different counties; from intercourse with numerous private citizens residing in different parts of the State, as well as petitions presented to the legislatures, your committee can safely assert that a distress, unexampled in our country since the period of its Independence, prevails throughout the commonwealth. This distress exhibits itself under the various forms of:

1. Ruinous sacrifices of landed property at sheriff's sales, whereby in many cases lands and houses have been sold at less than half, a third, or a fourth of their former value, thereby depriving of their homes and the fruits of years of labor a vast number of our industrious farmers, some of whom have been driven to seek in the uncultivated forests of the West that shelter of which they have been deprived in their native State.

2. Forced sale of merchandise, household goods, farming stock, and utensils, at prices far below the cost of production, by which many families have been deprived of the common necessaries of life and of the implements of trade.

3. Numerous bankruptcies and pecuniary embarrassments of every description, as well among agricultural and manufacturing as among the mercantile classes.

4. A general scarcity of money throughout the country, which renders it almost impossible for a husbandman or other owners of real estate to borrow at usurious interest, and when landed security of the most indubitable character is off red as a pledge. A similar difficulty of procuring on loan had existed in the metropolis previous to October last, but has since been partially removed.

5. A general suspension of labor, the only legitimate source of wealth in our cities and towns, by which thousands of our most useful citizens are rendered destitute of the means of support and are reduced to the extremity of poverty and despair.

6. An almost certain cessation of the circulation of commodities and a consequent stagnation of business, which is limited to the mere purchase and sale of the necessaries of life and of such articles of consumption as are absolutely required by the season.

7. A universal suspension of all manufacturing operations, by which, in addition to the dismissal of the numerous productive laborers heretofore engaged therein, who can find no other employment, the public loses the revenue of capital invested in machinery and buildings.

8. Usurious extortions, whereby corporations instituted for banking, insurance, and other purposes in violation of law possess themselves of the products of industries without granting an equivalent.

9. The overflowing of our prisons with insolvent debtors, most of whom are confined for trifling sums, whereby the community loses a portion of its effective labor, and is compelled to support families by charity who have thus been deprived of their protectors.

10. Numerous lawsuits upon the dockets of our courts and of our justices of the peace, which lead to extravagant costs and loss of a great portion of valuable time.

11. Vexatious losses, arising from the depreciation and fluctuation in the value of bank notes, the impositions of brokers, and the frauds of counterfeiters.

12. A general inability in the community to meet with punctuality the payment of debts even for family expenses, which is experienced as well by those who are wealthy in property as by those who have hitherto relied upon their current engagements. With such a mass of evils to oppress them, it cannot be wondered at that the people should be dispirited, and that they should look to their representatives for relief. Their patient endurance of suffering, which can only be imagined by those who have habitually intermingled with them at their homes and their firesides, merits the commendation of the legislature and prefers a powerful claim to their interference.

These reports have been appended for the purpose of showing that like circumstances have existed, and that the present depression is but a repetition of like results from like causes.

J. TAYLOR.

The CHAIRMAN. Have you anything further to state?

Dr. TAYLOR. If I have omitted anything, I would not object to answering any questions. These are historical facts. I have endeavored to search history and to place the facts before the committee; the committee can form its own opinions. My views probably would be of no use, but the facts may be useful. My opinion is that so long as we have a promissory-note currency we shall continue to have panics. There will always occur times when there will be a general run for payments, and whenever there is a general run for payments, banks cannot meet their promissory notes; therefore that is an unsound system of currency; it is a system which has reduced one large class of the English people to pauperism; it has taken the States out of the hands of one class to put them into the hands of another, until the landholders have diminished in number from two to three hundred thousand to some three thousand. A man buys a house and leaves some of the purchase-money on mortgage; then one of these panics comes along, the man is thrown out of work, or his trade fails, and if he cannot keep up the payments on his mortgage, the mortgage is foreclosed and his property is taken from him. Thus generation after generation has to give up all its savings.

The CHAIRMAN. What, in your opinion, is the remedy for the troubles of the last seven or eight years?

Mr. TAYLOR. The remedy is easy; it is this: Retire all promissory-note currency, no matter how.

The CHAIRMAN. What do you mean by promissory note currency?

Mr. TAYLOR. I mean a currency where a bank promises to pay gold for its notes, and it has not got the gold to pay. That is a dishonest promise and a dishonest money. Every man admits that there is not gold enough in the world to conduct the business of the world if conducted with metallic money only. A great part of the commerce of the world is done with paper. That paper is simply private credit; now, instead of using private credit, I want to use a higher class of security, and, as the whole is greater than a part, I say that the security of the government is greater than the security of any individual or of any firm. Therefore I say that the government should issue paper, and should not promise to pay gold for it. A good bill or draft will sell as easily as a commodity, and consequently it is not necessary that all money shall be redeemed in gold, provided it is redeemed in something marketable and of equal value. There is nothing that the government can command except its own securities, and therefore in time of a panic or a run the government should give its bonds for notes, if demanded.

The CHAIRMAN. You think that the credit of the government, if it is good to issue a bond, is good also to issue a legal tender?

Dr. TAYLOR. Perfectly so, when that note is convertible into a bond. A bond is a marketable commodity that can be sold in any nation. You can sell a bond as easily as you can wheat, or silver, or gold, and as long as you have a convertible commodity that is marketable anywhere you have a thing as good as gold itself. Our mistake is simply hanging on to an old system; the commercial world has outgrown the produce of gold and silver, and all nations are suffering in the same way. Why should commerce and labor stand still if the supply of gold and silver fails? We would conduct trade if gold and silver did not exist at all.

The CHAIRMAN. Have you ever seen in this country any destruction of credit and of business and labor to compare with that which has occurred here within the last ten years?

Dr. TAYLOR. I never have; but it was also very bad here in 1857.

The CHAIRMAN. And yet it is pretended by business men here that there is no difficulty and no trouble in the affairs of the country.

Dr. TAYLOR. The bankruptcy lists prove the contrary. I have here an extract from President Johnson's message to Congress in 1866, showing that the country had paid off a large amount of the national debt within fourteen months of the war, and now since the contraction of the currency no part of the national debt has been paid off. In fact our national debt now is as large as it was at the close of the war, because now it is worth 100 cents on the dollar, and then it was only worth 50 cents. Before the contraction of the currency we were paying off the debt at the rate of a hundred millions a year. Now we are not paying off any of it.

Mr. SHERWIN. Have you seen the last report of the Secretary of the Treasury?

Dr. TAYLOR. I have seen too many of his reports. They are unreliable.

Mr. SHERWIN. How do you prove that?

Dr. TAYLOR. Because they contradict themselves.

Mr. SHERWIN. Wherein?

Dr. TAYLOR. If I were to take up the Secretary's reports and examine them, I could show their self-contradictions.

Mr. SHERWIN. I would like to have you bring them in and point out these contradictions.

Mr. COWGILL. And so would I. If you know of any such contradictions in those reports, I would be glad to have you submit them to the committee.

Dr. TAYLOR. The reports have been very extraordinary.

Mr. COWGILL. I would prefer to see their contradictions pointed out rather than to hear you characterize them.

Dr. TAYLOR. I will hunt them up. I will tell you what I do remember. I was writing on the currency question and wanted to be accurate in my statements, and so I examined the reports of the Secretary of the Treasury. I had always understood that there were from seventy to a hundred millions of gold in the Treasury, and so I stated that the Secretary of the Treasury was hoarding the money of the country and was consequently interfering with trade. Mr. Sayler offered a resolution in the House directing the Secretary to make a return of the actual gold in the Treasury, and it turned out that instead of having seventy millions of gold in the Treasury he had only fourteen millions. Now it is provoking to be examining a question and writing on it, depending on the Secretary's reports, and then to find that his reports are all false.

Mr. COWGILL. You have a theory of your own in regard to the remedy for the evil you complain of. What evidence have you, beyond the mere theory that exists in your mind, that your remedy would work well and would bring relief?

Dr. TAYLOR. I have proposed no theory. I make a great discrimination between facts and opinions. I have simply shown from historical facts that the same results have come from the same causes, and that whenever contractions of the currency have taken place disasters have followed.

Mr. COWGILL. I understood you to say a while ago that the remedy was easy, and you then went on to say that we should dispense with promissory notes as a circulating medium, and should substitute something else in lieu of them. Was I mistaken in so understanding you?

Dr. TAYLOR. That is quite true. I had forgotten that. I say now

again that these historical facts prove that so long as promissory notes are used as currency there will be periodical panics, because there always will be runs on the banks for payment.

Mr. MARTIN. Would you increase the volume of currency?

Dr. TAYLOR. I would.

Mr. MARTIN. To what extent?

Dr. TAYLOR. I would issue as much of it as would float at par.

Mr. MARTIN. How much is that?

Dr. TAYLOR. Nobody can tell how much currency a country needs; no man can tell the necessary amount.

Mr. MARTIN. What amount do you suppose this country needs?

Dr. TAYLOR. There is a natural law of supply and demand which governs all prices, and which applies to commodities as well as to money. If the trade of the country does not require all the circulation that is afloat the money will depreciate.

Mr. MARTIN. Does the trade of the country require an increase of the currency now?

Dr. TAYLOR. Most assuredly. Try it and see if more currency will not float at par.

Mr. MARTIN. How much do you think the trade of the country demands?

Dr. TAYLOR. In the first place I would replace the promissory notes of the banks with legal-tender notes.

Mr. COWGILL. Are not legal-tender notes simply promises to pay?

Dr. TAYLOR. No, sir; they are not. A legal tender note is payment. It is a security that will sell anywhere.

Mr. MARTIN. Would you retire the national bank currency?

Dr. TAYLOR. Most assuredly I would.

Mr. MARTIN. And in their place you would issue Treasury notes?

Dr. TAYLOR. Yes.

Mr. MARTIN. To the extent that the volume of Treasury notes would float at par?

Dr. TAYLOR. Yes; and if there is any doubt about getting them out, I will tell you how I would get them out.

Mr. MARTIN. How?

Dr. TAYLOR. If I had been Secretary of the Treasury four years ago, instead of paying off the national debt by the use of forty-year bonds, I would have bought gold and paid it off. That is one way in which the volume of currency could be increased. And I would find another method. I have heard persons talk about greenbacks being a war measure, but another war measure was the imposing of internal-revenue taxation.

Mr. MARTIN. Would you abolish that?

Dr. TAYLOR. I would abolish that. The internal revenue brings in a hundred millions a year to the government. I would abolish it and would issue greenbacks to that amount.

Mr. MARTIN. And have no internal-revenue taxation at all?

Dr. TAYLOR. None at all. Up to 1862 we had none. I would have it just now as it was before the war.

Mr. MARTIN. Would you favor an income tax?

Dr. TAYLOR. I think an income tax a very fair tax, but it is a tax that cannot be very well maintained, because it is a tax on the wealthy and powerful, and they will always oppose it, and we always find statesmen yielding to them. The principle of an income tax is good, but I do not see that it is practicable.

Mr. MARTIN. Is it not not only good, but just and right, that an income tax should be levied?

Dr. TAYLOR. Yes, I think it is.

Mr. MARTIN. Suppose I own a farm worth $1,000, I have to pay a tax on that farm; and suppose a neighbor of mine has an income of $1,000, do you not think it fair that he should pay tax on his income?

Dr. TAYLOR. The farmer pays no income tax. He pays on his property. And I would suppose that if a man who has a mortgage on that property pays an income tax on his mortgage, the property is doubly taxed.

Mr. MARTIN. How?

Dr. TAYLOR. By a tax on the property itself and by a tax on the income from the mortgage.

Mr. MARTIN. If I have to pay a tax on my farm that is worth $1,000, is it not right that my neighbor who has an income of $1,000 should pay a tax on that income?

Dr. TAYLOR. I approve of the principle of taxing an income, but I look upon it as impracticable.

Mr. MARTIN. If my neighbor has a house which he rents for $1,000, would you tax that income of $1,000?

Dr. TAYLOR. It is usually done.

Mr. MARTIN. The house from which he derives his income of $1,000 in the way of rent is taxed; would you also tax the $1,000 that he receives in the way of rent?

Dr. TAYLOR. I think he could well afford to pay a tax upon it. The principle is a good one.

Mr. MARTIN. If you tax the value of a house, would you also tax the income derived from the rent of the house?

Dr. TAYLOR. If the practice is universal, I do not see any objection to it.

Mr. MARTIN. Would you make it universal or not?

Dr. TAYLOR. That is a matter of policy in regard to raising revenue. I do not think that my opinion would be of any value.

Mr. MARTIN. A man having a farm worth $1,000, pays a tax upon that farm, does he not?

Dr. TAYLOR. Yes, on the assessment.

Mr. MARTIN. And if he raises 100 barrels of corn, wheat, and oats on that farm, does he not also pay a tax on that produce?

Dr. TAYLOR. I should not tax him on that again.

Mr. MARTIN. But is not that the law? Is not the corn and wheat and oats taxed in this State?

Dr. TAYLOR. Yes.

Mr. MARTIN. Then would it not be fair and just to tax a man who receives an income from property that is already taxed, inasmuch as you tax the produce of the land on which he has already been taxed?

Dr. TAYLOR. That would equalize them, of course. I am for doing justice to one and the other. On general principles, all should be taxed alike.

Mr. MARTIN. Would you not tax a man who receives an income as well as a man who raises produce?

Dr. TAYLOR. I would tax a man's property because it is there and the assessor can find it. I would tax his corn because the assessor can find it. But where can an assessor find a man's income?

Mr. DICKEY. Suppose he has $1,000 income from investments in government bonds?

Dr. TAYLOR. But if the government has passed a law exempting bonds

from taxation and has sold its bonds under that exemption, I could not recognize the justice of the government in going back and taxing them.

Mr. DICKEY. Not taxing the bonds, but the income from the bonds.

Dr. TAYLOR. The income, I think, is taxable.

Mr. SHERWIN. Do you think that the government did wrong in exempting its bonds from taxation?

Dr. TAYLOR. In times of emergency, governments have to do a great many things which might be unwise under other circumstances.

Mr. MARTIN. Would you tax the interest accruing on these government bonds in the way of income?

Dr. TAYLOR. I do not see why not. If incomes were taxed, I would tax all incomes.

Mr. SHERWIN. You know how the income tax worked in this country?

Dr. TAYLOR. I do.

Mr. SHERWIN. You made the observation that you can tax income if you can find it. Now, in making a tax law, is it not the part of wisdom to ascertain whether the tax can be collected?

Dr. TAYLOR. That is a very essential part.

Mr. SHERWIN. We found by experience that when the tax on distilled spirits was very high the government did not collect as much revenue from it as it has collected since the tax was reduced. So, I think, with tobacco. That principle has also been found to be true in England. Now, if experience has shown that in this country the income tax cannot be collected fairly, and that it leads to perjury and all sorts of devices, would you think it the part of wisdom to re-enact an income law?

Dr. TAYLOR. I would say not. It is a very inquisitorial tax. There are two objections to it: First, that it is inquisitorial and offensive, and second, that it is difficult of collection. But yet I think that parties who have property and who enjoy the protection of the state ought to contribute to the expenses of the state.

Mr. SHERWIN. Then you mean to say that as a matter of absolute justice men ought to pay taxes according to their income, but that as a matter of policy an income tax cannot be collected?

Dr. TAYLOR. I think that men should pay taxes the same as they pay insurance against fire; that is, in proportion to the amount of their property. I think that every citizen should pay taxes in proportion to the amount of his property. But any law that cannot be carried out becomes a dead letter, and is worse than useless.

Views of Mr. D. R. Sperry.

Mr. D. R. SPERRY came before the committee at its invitation. He stated, in reply to preliminary questions, that he resides in Batavia, Ill.; that he is engaged in farming; and has been engaged in it for nearly twelve years.

Mr. SHERWIN. State any views that you have in regard to the depression in labor and business, and the cause of the present condition of things.

Mr. SPERRY. One great cause that produces depression in the price of labor is the present contract system—the manner of letting contracts in our prisons for mechanical labor. The market is being flooded with prison goods, and the prices of honest labor are being affected thereby. The State furnishes the capital, the building, the power, the oversight; pays the taxes, and hires the men at small prices; and thus the country is flooded with manufactured goods without any regard to cost or to the demand for them. This country has been taxed millions of dollars in

order to build up American manufactures, and now those manufactures are being torn down by convict labor.

Mr. SHERWIN. Do you know the number of convicts employed in skilled labor in the United States?

Mr. SPERRY. I do not.

Mr. SHERWIN. Do you know the average rate of wages paid to convicts?

Mr. SPERRY. Between 40 cents and 50 cents a day.

Mr. SHERWIN. Are there any particular trades that are injured more than others?

Mr. SPERRY. I suppose that the boot and shoe trade is injured most, and also the foundery business.

Mr. SHERWIN. Have you felt this competition in your own business?

Mr. SPERRY. Yes.

Mr. SHERWIN. Explain how this competition works.

Mr. SPERRY. In some instances the convicts are contracted out to irresponsible men, and the contract price is not paid to the State.

Mr. SHERWIN. The manufacturer who employs convict labor has no investment to make for machinery or power?

Mr. SPERRY. No, sir.

Mr. SHERWIN. Do you think it the duty of the State to support convicts in idleness?

Mr. SPERRY. No, sir. I would punish them by putting them on public works, making improvements for which we cannot get appropriations, digging canals, making roads and streets, &c.

Mr. SHERWIN. Could that system be carried out in the prisons as constituted now?

Mr. SPERRY. No; but I would let the counties take care of their own convicts, except the worse classes of them.

Mr. SHERWIN. Is there any such system?

Mr. SPERRY. I do not know that there is.

Mr. SHERWIN. Has the effect of convict labor on the manufactures of the United States been investigated?

Mr. SPERRY. Yes; the Stove Founders' Association has investigated it very fully. Mr. Jewett, of Buffalo, is the president of that association.

Mr. SHERWIN. Have you the report of the association on that question?

Mr. SPERRY. I suppose I have it at home, but I could not find it before coming here. I will furnish it to the committee. I would take those convicts outside of competition with honest labor, and employ them in making canals and roads.

Mr. SHERWIN. You would not tax the people in order to support convicts in idleness?

Mr. SPERRY. No, sir.

The CHAIRMAN. How many penitentiaries are there in this State?

Mr. SPERRY. Two. But the worst effect of convict labor comes from the East, where they employ a large number of convicts on one class of labor—boots and shoes and foundery work.

Mr. SHERWIN. How can the general government pass any law that can affect that question? The State of Illinois can control its own convicts, but how can the State of Illinois prevent the importation of articles that are made from convict labor in New York and Pennsylvania?

Mr. SPERRY. I do not know any other way out of it, except that Congress has the right to regulate commerce between the States; and all convict goods should be stamped as convict goods. The real evil of

convict labor has only commenced. In our own town fifty or seventy-five boys who are now idle could be employed if it were not for convict labor. These boys are growing up themselves to be convicts, whereas if they had employment they would become honest mechanics. But the work is now given to State prisons, and consequently the number of convicts is rapidly increasing.

Mr. SHERWIN. What is the state of labor in your town and vicinity?

Mr. SPERRY. Ours is a small manufacturing town. Business is better than it has been, although prices are not what they should be.

Mr. SHERWIN. Are all the men employed?

Mr. SPERRY. Nearly all this year. A great many went away last year farther west. Labor is in a better condition this year than it has been, but the prices are not what they ought to be.

Mr. SHERWIN. Would you call the present state of business a healthy state?

Mr. SPERRY. I think it is gradually getting on to be a healthy state. I do not think that iron manufacturing business is in a healthy state.

Mr. SHERWIN. How are the prices of the raw material—pig-iron, bar-iron, &c.—compared with the prices six months ago?

Mr. SPERRY. The prices of iron are somewhat higher, but not much higher, except in some particular branches. There has been a slight rise.

The CHAIRMAN. What is the pig-iron worth a ton?

Mr. SPERRY. About $20 a ton, including freight.

The CHAIRMAN. Is that charcoal iron?

Mr. SPERRY. We are using mostly anthracite and bituminous fuel for iron.

Mr. SHERWIN. Have you any suggestion to make in order to make trade any better than it is?

Mr. SPERRY. No, sir. When you are sick you have got to get well gradually.

Mr. SHERWIN. Is there any medicine that the State or nation can administer that can do good?

Mr. SPERRY. So far as convict labor is concerned, I think that that evil might be remedied. Every State should take care of its own convicts, and Illinois should not be compelled to take care of the convicts of Pennsylvania and New York. No State legislation can remedy this convict labor question. I understand that the State of Michigan has a law against teaching any mechanical trade to a convict; but Ohio, or Michigan, or New York, or any other State can flood us with convict goods.

The CHAIRMAN. Have you plenty of currency here?

Mr. SPERRY. Yes; if we have something to give for it.

The CHAIRMAN. Do you want any more currency?

Mr. SPERRY. We would like a little more silver.

The CHAIRMAN. How about legal-tender notes? Would you like a little more of that kind of currency?

Mr. SPERRY. I would like to have it represent something. I would not care how much money there was in circulation if it was represented by gold and silver.

Mr. SHERWIN. Do you know any way by which people can get hold of money without giving something for it?

Mr. SPERRY. No; unless they steal it.

The CHAIRMAN. But you conclude that it would do no harm to have a little legal-tender money issued by the government?

Mr. SPERRY. I am not financier enough to know.

Views of Mr. T. J. Morgan.

Mr. T. J. MORGAN appeared before the committee as a volunteer witness. In answer to the Chairman, he stated: I am a resident of this city. I came here first in 1869. I lived here for about eighteen months or two years, and then I went to work in Michigan. I am a machinist and glass finisher.

The CHAIRMAN. What interest do you represent here?

Mr. MORGAN. I am termed by the newspapers one of the gate-money men—one of the men who are always about when the hat goes around. I represent the socialists. I represent that class which is supposed to carry a torch in one hand and a dirk in the other. But for the information of the committee, I desire to say that I represent a class which works and which produces every day, and that as one of that class I am here to place properly before the committee the views which we entertain. I believe that the great body of the people (notwithstanding the press to the contrary) are satisfied that there is a great depression in labor in this country. Congress is also satisfied of that fact, and hence the presence of this committee. The duty of this committee, as I understand it, is to learn the cause of that depression. I therefore propose, from the socialistic standpoint, to give to the committee the causes of the present labor depression.

The CHAIRMAN. Please define to the committee what a socialist is.

Mr. MORGAN. As I understand it, a socialist is a man who has devoted his study to the social aspects of industry, commerce, and society, or at least who has been investigating the principles on which society, industry, and commerce are based.

Mr. DICKEY. What are the purposes and objects of your association?

Mr. MORGAN. To learn thoroughly what the industrial and social systems are, and by that means ascertain the causes of the prevailing discontent, the prevailing depression in labor, and the prevailing depression in business.

The CHAIRMAN. What is the socialistic population of this city?

Mr. MORGAN. We voted as socialists on the socialistic agitation nearly eleven thousand votes last spring.

The CHAIRMAN. Give us an idea of your particular line of policy.

Mr. MORGAN. I believe that the cause of our success in Chicago has been our endeavor to point out to the wage class of the people their true position, and get them to recognize the facts of the existing conditions that surround them. In proportion as we have been successful in doing that we have created a political party. We are so distinctly an organization that neither of the other parties likes us any more than the devil is reported to like holy water. That is the reason why the press of this city reviles us and calls myself and colleagues gate-money men, and tries to take our character from us and our means of subsistence.

Mr. DICKEY. What do you mean by gate-money men?

Mr. MORGAN. You, as members of Congress and as men who have participated in political life, know that politics cannot be carried on without money. The socialists have found that out too, and the only way that they can get money is by passing the hat around at assemblies, and by holding picnics, charging 25 cents admission, and getting the difference between the actual cost of a glass of beer and the price that they sell it for. In that manner we have been able to carry on our political campaign without asking anybody to give us money. It has been done by volunteer contributions and by the receipts from picnics

and festivals that we have organized. That is what the papers mean by calling us gate-money men. We made $3,000 last June twelve months, and on that money we started a newspaper and have been carrying it on for nearly a year, but it has been rather an unsuccessful investment.

Mr. SHERWIN. You said that the socialistic movement arose on account of the depression of labor.

Mr. MORGAN. No, sir. The socialistic movement started some twenty years ago in Germany. One of the foremost advocates of socialism was Ferdinand Lassalle.

Mr. SHERWIN. I understood you to say that socialism had been of short duration, and that the reason of it was the depression of labor.

Mr. MORGAN. There was an indefinite something in the minds of the working people at large—a feeling that something was wrong—but the socialistic agitators and the schools of socialism fixed that indefinite something and directed their attention to where the wrong existed.

Mr. SHERWIN. What was that something?

Mr. MORGAN. The something was the showing to the working classes in proper plain terms the causes that led to their condition.

Mr. SHERWIN. What condition?

Mr. MORGAN. The condition in which they exist to-day.

Mr. SHERWIN. What do you call their condition?

Mr. MORGAN. The most miserable and degrading condition.

Mr. SHERWIN. And if there had been no depression, there would have been no need of socialism?

Mr. MORGAN. Not necessarily.

The CHAIRMAN. Our mission of inquiry is as to the causes of the great distress in the country, and especially of the depression of labor. We are not here to inquire whether that exists or not. Congress has told us that it does exist. We are here to inquire into its present condition and into its causes, and whether there is a remedy for it. That is our mission. If you have any connected statement to make to us covering that question, you can make it.

Mr. MORGAN. That was the position which I took when I placed myself before the committee. It was that the depression was already admitted. Hence I do not propose to go into the question of its existence. I desire, however, to lay before the committee the causes of the depression in labor.

The cause of the present labor depression can only be arrived at intelligently, and with any degree of certainty, by a thorough investigation and knowledge of the principles upon which the industrial and commercial system is based and the details of its operations.

I desire to have it understood that my knowledge of the details of the system is imperfect, to a large extent, but of the fundamental principles and the most important details I believe I possess a fair understanding; hence my presence here as a labor reformer.

My statement of the cause of the present labor depression is as follows:

Since the abolition of the feudal and chattel slavery systems, all industry and commerce has been carried on under the free competitive system; or, in other words, more forcible perhaps than polite, it has been, every one for himself and herself, and the devil take the hindmost. The principal incentive and controlling influence under this system is self-interest; the interests of the people, State, or nation, are as naught. It must be *self* first, last, and always, if success is desired, and "after us the deluge."

The prize to be secured in this competitive struggle is Food, Shelter, Intelligence, Leisure, Wealth, and Life. Nature has provided the raw materials in abundance, and, with Labor, Wealth can be created and life secured; but in this scramble for wealth and life, only a few can or have secured that which all desire and a part of which all must have. Hence, the few having secured all, they have become masters, while those last in the race, all of the hindmost, have become the dependents and slaves of those who have secured the prize, and these dependents are compelled to do their masters' bidding and pleasure, and in return receive for their labor the commonest necessaries of life.

In the past the most potent element of success was Physical Force, but as the resources of nature have been developed and intelligence increased, the iron hand of physical force has been gradually covered with the velvet glove, and to-day physical force always, if possible, is kept in the background, and intelligence and cunning are substituted.

Those who are successful in the scramble to-day have just as much of the natural resources of life, and have at their command as many slaves as ever the robber barons of the past had, and to secure the results of their success, instead of mountain strongholds, moated castles, and armed retainers, they feed the people with mental chaff, political sophistry, and false economy, erect legislative halls and fill them with lawyers.

The position that the unsuccessful competitors occupied in the past was like that of the horse or ass; they were fed, clothed, and sheltered in return for their services; but to-day the relations that exist between master and man are regulated by the "wages system." We must now seek employment from those who have possession of the means of labor, and no matter how earnestly we may desire to secure work that we may live, we have no right under the law to demand that we shall be employed, though our lives and the lives of our families may depend upon our securing it. When employment is secured, in return for our services we receive wages not proportionate to the number of hours' toil, or the amount of work produced, but based upon the one necessity or standard of living, and no other arrangement is possible under the competitive system. Hence no permanent improvement in the condition of the working classes can not only not be expected, but their present depressed condition will inevitably be intensified until the system has forced human endurance to its limits.

To properly understand this, we must be somewhat familiar with the details as well as the principles of this industrial system. Before the present era of labor-saving machinery, the methods of production were so crude that to supply the commonest necessaries of life required the constant labor of all. There was comparatively no division of labor, everything being of home manufacture; there was none or but little exchange of products, because the means of communication and transportation were as crude as the methods of production.

While this state continued the necessities of life or the standard of living of the producer was proportionate to his productive power, hence the constant employment of all was required.

But to-day we find ourselves in the midst of a universal system of production and exchange, confined to no nation, country, people, or race. Electricity has annihilated time, and steam has made distance as nothing in the competitive struggle.

The home market for home-made production has been destroyed, the contest for industrial and commercial supremecy has been removed from the village to the State, from the State to the nation, and from the na-

tion to the world at large. All industrial production upon which any nation may hope for success has become international. In this international struggle all friendly rivalry has been eliminated, and it has become a struggle for existence.

There are many factors in this desperate fight that operate to give success or defeat to the contestants, such as locality, climate, and natural abundance of raw materials, or natural wealth. But the most potent of all is intelligent, shrewd direction of labor and the ability of the worker to produce much and consume little. A standard of living for the producer, proportionate to his productive power of to-day, would be dear, and dearness, under the competitive system, means ruin, and ruin means death. Cheap production means success, and if the theory of the survival of the fittest be correct, Yankee employers and Chinese laborers are destined to survive. For the nation of people that can live most cheaply and maintain an average productive power will in the future, to a far greater extent than in the past, control the markets of the world, and the development of the competitive system will bring all others down to their level.

This factor of cheapness has in the past, and to some extent in the present, been secured by the exclusive possession of rich, natural abundance of raw materials and labor-saving machinery, as in England. But labor-saving machinery is now in use everywhere, and an abundance of raw materials have been discovered all over the world. So that the remaining most important element in the competitive strife is the standard of living of the workers; this, and only this, is the controlling influence in the regulation of wages, and the lower this standard of living can be reduced the greater certainty of being able to undersell all competitors; and thus, while the power of the worker to produce is most wonderfully increased, the operations and requirements of the competitive system not only prevents a permanent and proportionate rise in the standard of living of the producers, but requires a reduction to the lowest possible limit.

In the establishment of the present system of industry the assistance and co-operation of a vast number of workers was required, all the gigantic changes had to be commenced with the crude and imperfect tools and methods of the past, and the most effective of all tools was human muscle. Hence, the demand for and employment of labor at such terms as enabled the worker to share to a certain extent in the progress made; a higher standard of living, new habits and modes of thought were established, new wants and desires were created, and a belief in the possibility of a higher and better physical and intellectual civilization formed. But for some time past the rough work of erecting the industrial and commercial system of the 19th century has been completed. At present, and in the future, the work to be done is that of simplifying and perfecting its operations, and the elimination of all manual labor.

The demand for human muscle and skill has and will rapidly decrease. The rudely-made labor-saving machine made by hand has been used to make more perfect labor-saving machines, and now machine-made machines are more and more rapidly replacing human labor; and in the near future the automatic machine and the development of electrical and other inexhaustible natural forces will render the labor of man unnecessary; and the maintenance of the productive and distributive system will, comparatively speaking, require the help of the worker no more.

This displacement of labor and its degrading influence has been felt for years past by the most intelligent and shrewd among the workers;

they left the ranks of the producers in vast numbers and joined the non-producers; the non-producers I refer to are that class that stand between the different producers and levy tribute upon all that is produced—professional politicians, agents, speculators, lawyers, stock gamblers, and a host of others.

And after these come the wholesale and retail traders. But the necessity for cheapness, the consequent competition, and the developments of the system act here as elsewhere, and these avenues of escape, like all others, are being rapidly closed, and their inhabitants forced back into the ever-increasing ranks of the unemployed. For as industrial home manufacturers were absorbed by the factory, and as the small factories were being and will be absorbed by the gigantic manufacturing institutions of the present and the future, so will it be with the great middle class of traders; every branch of trade will be concentrated with resistless force, and the individual trader, like the individual producer, will be absorbed by the great trading institutions, now so rapidly being organized. Small railroad owners and directors will become the servants and employés of the Vanderbilts and Scotts. The commission merchants and members of the board of trade will become the teamsters and dock laborers, occasionally employed by the great transportation and distribution companies. The dry-goods merchants will become the clerks and salesmen of the Stewarts and Field & Leiters.

The lawyers will become the mere copyists and messengers of the large legal firms, and the copyists and messengers in turn will be rendered unnecessary by the chemical or mechanical copying-machines and the telephone.

The labor of the worker being no longer needed, and the chance of living as a non-producer being limited exclusively to the few, what will be the result? Will the mass of people submit to be enslaved by abject poverty? Can they suppress the yearnings, the wants and desires that have been created in the past, and intensified in the present, by the enormous natural and artificial wealth surrounding them on every side? Will they not accept the fact, now so rapidly making itself known, that, now the drudgery of production has been taken from them and is being done by inanimate and tireless machinery and natural force, their future occupation is to consume, use, and enjoy the bountiful productions of nature and the ingenuity of the human mind? And if they be denied this most natural right, they will stretch forth their hands and take by force that which constitutes the right to life, the natural resources of the earth and the means of labor.

To briefly sum up this statement:

The effects and results of this principle of free competition are as follows:

1. The individual interest is placed above and separated from the interests of the people.

2. The success of the individual is of the first importance. Hence every means must, and will, be used to secure that success.

3. Success is measured by the difference between extreme wealth and extreme poverty, and hence depends upon some being rich and others poor. And hence every man that desires to succeed seeks to obtain the wealth of others, no matter whether it be labor power, accumulated results of labor, or natural wealth.

4. This places every man in antagonism with every other man, creates classes of different degrees of wealth; this creates class antagonisms, leads to sectional and national antagonism and murderous conflicts.

5. It suppresses all the better sentiments and aspirations of human

nature, and develops all that is evil and destructive; it makes the laborer a brute, possessed of all the animal passions, but lacking a brute's intelligence; makes the business man a hypocrite, cheat, gambler, and thief, and the capitalist a remorseless despot, caring naught for the sacrifice of hopes, desires, health, and lives of those ministering to or standing in the way of his success.

6. It fathers immorality; offers a premium to crime; destroys the holiest ties of home-life, both in the hovel and the palace; it fills our legislative bodies and positions of trust with scheming and unscrupulous men, whose every act is regulated, not by the wants and interests of the people, but by the desire for individual success.

7. It places in the hands of a few all the wealth of the world, disinherits and impoverishes the millions, and produces famine and starvation in the midst of abundance, and will finally end in either evolution or revolution and bloodshed.

That, gentlemen, is the doctrine that has been taught in Chicago. That is the doctrine that has built up without money, without time, without education, without anything that has been used in the past to build up parties, a party of 12,000 votes in Chicago. It is operating not only in Chicago, but I guess through the United States and over the water—everywhere that any intelligence exists. That is the standpoint of the socialists. The cause of the depression is the fact that man can produce three or four or five or six times more than he is allowed to consume.

The CHAIRMAN. You have given the reason which, in your judgment, has produced the disaster, but you have not furnished us yet with your idea as to the remedy, so far as legislative power is concerned.

Mr. MORGAN. No, sir.

The CHAIRMAN, Please to state it.

Mr. MORGAN. Any person who studies the facts laid down can tell at once, or pretty nearly, what they will result in. A competitive system has been, in my opinion, necessary in the past. It grew out of the dark ages, and is growing towards still more light. Just as the little factory is absorbed in the large factory, and the large factory is absorbed into a joint-stock corporation, so all the small trading is absorbed into the large transportation and competitive companies; and in the future, just as the small retail dealers are absorbed by the Stewarts and the Fields, so all the railroads are being gradually concentrated under the command of the Vanderbilts and the Scotts. Anybody who directs his attention to this tendency of things may perceive what the ultimate result will be. Those men who have the power and intelligence to take advantage of the competitive system and to concentrate all business into a small space, comparatively speaking, will have the monopoly of manufactures, transportation, and distribution. They are acting only for self, and as the interest of self is above the interest of the people, the consequence will be that in every branch of business and industry they will be in the future the same as it is to-day with the railroads. The railroads are an outgrowth of the competitive system. The fruit has become nearly ripe, not quite, for the great railroad monopolies. Vanderbilt and Gould and Scott have got to do some more good work yet, and then the fruit will be ripe. Then the question will be, who will run this country—Scott, Vanderbilt, and Gould, or the people. Then it will be found out that the country must be run by the people, and that it will be absolutely necessary for the government to control the avenues through which the life-blood of the nation passes. It will be the same with the telegraph system, and in the course of a few years it will be the same with the industrial system. You can see in Chicago or any industrial place that the small manufacturers are

either eking out a mean, miserable existence, or have gone out of existence altogether and have gone to work for large institutions. Hence it is only a question of time as to when production, transportation, and distribution will have to be carried on in the same manner as the post-office system is carried on. The post-office system which can carry a letter for me will also carry a small parcel for me; and if it can carry a small parcel for me it can carry a trunk for me; it can carry my household furniture or anything else that I need to have transported, and can carry it for cost, because the system belongs to the people.

A few weeks ago the commission men on an adjacent street were all put into a flutter of excitement from information which they received, that the American Express Company, which has 30,000 agents scattered throughout the country, had issued to its agents a circular directing them to hold out all kinds of inducements to the farmers to send their produce to the American Express Company, with the condition that those products would be marketed and the proceeds returned to the producers for the mere cost of transportation. The Board of Trade men here felt just as the operatives in a factory feel when a new machine is invented that does the labor which it required all the men in the shop to do. The commission merchants met in solemn conclave and protested against the act of the American Express Company. They said that it was outrageous to them, and that if the plan was carried out, they would have to go and drive wagons for the American Express Company. But the carrying out of such a plan is only a question of time.

Mr. DICKEY. I understand you to claim that all the difficulties which we are laboring under grow out of the competitive system?

Mr. MORGAN. Certainly.

Mr. DICKEY. That competitive system, you say, is based upon selfishness?

Mr. MORGAN. Certainly; but it has grown out of necessity. The further we progress in what we call civilization, the more selfishness we find.

Mr. DICKEY. Can you suggest legislation to cure the nature of man and change that selfishness?

Mr. MORGAN. Yes. If you will put me in a position where I can earn the means of living without its being absolutely necessary for me to cut the throat of my fellow-workman to get it, then I have no need to use selfishness. The conditions of such a change would be such as to bring out the best sentiments of nature instead of the worst ones. Society to-day is big with change, and, like a woman with child, it will be worse before it is better. We must either relapse into the old condition of affairs, or grow out of it into a better one. The change from chattel slavery in the South was not brought about without much blood, woe, and misery, and you do not expect that society to-day, laboring as it is with coming events and great changes, can have these effects brought out in peace altogether.

Mr. DICKEY. You do not suggest any measures of legislation for relief.

Mr. MORGAN. Certainly, I will.

Mr. DICKEY. What are they?

Mr. MORGAN. The first thing is to prevent the full development of the present system in its effects on workingmen. How can that be done? By giving them all a chance to receive some part of that which they produce, by distributing among them some of the products of their labor. Wages are not regulated by the number of hours that a man works, nor by the amount of labor, nor by the amount of his products,

but by the necessities of life. To-day the average time of labor is ten hours, and the Chicago Tribune says that that is right.

Mr. DICKEY. Would you have the legislation of the country fix the number of hours that men should work and fix the amount of their wages?

Mr. MORGAN. Labor is not remunerated in proportion to the number of hours worked, but on the basis of what it takes to supply the animal nature of man. Hence it is not because a man works ten hours a day that he gets $1.50. It is simply because he can live on $1.50 a day. The first thing is to reduce the hours of labor in every possible way. It cannot be done generally. That is impossible. But there are ways and means whereby the legislation of Congress can reduce the hours of labor. Legislation can reduce the hours of labor in all municipal, State, county, and national works. It can reduce the hours of labor in all monopolies that have special privileges and charters. A reduction of the hours of labor can be enforced in every business that is not of a competitive nature. But as soon as you attempt to interfere with business that is of a competitive nature, then you ruin the men that are engaged in it, except the system is adopted in so broad a manner as to include all competitive business. This is the first point. We ask for it simply to give time for the coming change. We ask you also to make the system of education national instead of local. We want the public schools in the interest of the people, and we want them placed where they are needed. We do not want them controlled either by sectarianism or by the local influences that at present surround them. We do not want, for instance, to have five or six schools in the fourth ward where there are 23,000 people, and only three or four schools in the fifth ward where there are 45,000 people. In addition to this national system of education, we want the prohibition of child labor, so that children can go to school instead of going to the workshops. And what we want above all other things after those, is reliable information in regard to business and labor. We want such information as we workingmen, members of the trades' council, as well as socialists, tried to place before you last night. That information was not perfect, but we were not to blame for that. We want the State and the nation to give us facts and figures that are reliable, because they have the means of doing so while we have not. These are the only remedies that can be applied by the United States Congress. Such remedies as the abolition of convict labor can be applied by the State legislatures.

The CHAIRMAN. State whether, in your judgment, the eight-hour law is a judicious law or not.

Mr. MORGAN. Most decidedly it is, above all other things; but there are some advocates of the eight-hour law here with whom I disagree and who disagree with me.

The CHAIRMAN. Have you any clear idea in your mind as to a remedy for the evils you speak of, and as to how Congress may provide a remedy?

Mr. MORGAN. Yes, sir; very distinct. These measures which I have indicated, education, the eight-hour law, &c., are ameliatory measures. They are not corrective. Here are the corrective measures. The interests of the people themselves have compelled, I think, to a certain extent, the development of the competitive system. For instance, when a man's house is on fire, he does not summon contractors and ask them to make a bid to put the fire out. His only desire is to put the fire out first; and the people do that through the fire department. So, too, with the water department. It is necessary for every inhabitant to have a sufficient supply of water, and it would not do to have competition in

that matter. Hence the people supply themselves with water at cost, just the same as they put out fires at cost. It is the same way with the public school system. The interests of the people were above the interests of the individuals who ran the private schools, and hence the States see to education. In the same way we want transportation carried on by the people at cost. The capitalists' papers that howl against us for this kind of thing say that the postal system must be maintained at all hazards, and yet they condemn us for wishing to extend that system to general transportation. If a proposition was made to-day to our city council to give the water-works into the hands of a private corporation or to abolish the fire department, the city would not hold the man who made the proposition. The next thing that will be regarded as absolutely necessary for the people will be that the railroads shall be controlled by them. The socialistic agitation may help in directing the attention of the people to that subject, but Congress itself will find that the enormous power exercised by the railroad corporations, both in local, State, and national bodies, is so great, that, as a matter of self-preservation, they must be deprived of it, and hence one of the first things for the national Congress to do (after giving us these ameliatory measures) is to take the railroads, and after that to take the telegraph system.

The CHAIRMAN. Would you have the nation become the owner of the railroads and telegraphs of the country?

Mr. MORGAN. Certainly, just the same as the nation is the owner of the post office system. In England the government took control of the telegraph system because the previous owners were charging such enormous rates that the telegraph was found to be useful only to a few of the people. The government purchased the lines, and then the telegraph was made a national institution.

The CHAIRMAN. And the governments in France and Germany took control of the railroads?

Mr. MORGAN. Yes; at first in England the working of the telegraph system by the government cost some 300,000 pounds over and above the revenue of the first year, but since then the telegraph system has produced a revenue to the government.

The CHAIRMAN. If our government should become the owner of the railroads and of the telegraph and of other branches of industry, in what way would that benefit the laboring man? It would only transfer the ownership of all these properties from associations of men and vest the title *in* the people at large. How is labor to be benefited by that change of ownership?

Mr. MORGAN. It would be benefited in this way: I want it distinctly understood that my view of the government is that the government is the people. Some of the railroad companies make profit and some of them do not; but, taking it all in all, the railroad business is a paying business, and last year dividends to the amount of sixty millions of dollars were divided among railroad stockholders. Now, if the railroads had been in the hands of the people, the people would have been benefited that sixty millions of dollars.

The CHAIRMAN. You mean the government.

Mr. MORGAN. No, I mean the people; for this reason, that instead of the railroads charging so high as to make that profit of sixty millions of dollars, the rates of freight and transportation would have been reduced to cost, the same as letter postage is, and hence the profit made by the railroad companies on transportation would have remained in the pockets of the people.

Mr. COWGILL. Would not that profit have accrued to the producer, and not to the ordinary laboring man in the community?

Mr. MORGAN. It would have accrued to the producer, but whatever accrues to the producer accrues to the laboring man, for he is the producer. A man said last year, "I am opposed to the railroads going into the hands of the government, because," he said, "is not the post-office system used now by the Republican party for political purposes? Are not its employés coerced to vote the Republican ticket, and hence to perpetuate Republican rule in this country?" One of the gentlemen present stated that the Republican party did not do anything of the kind. But, even if it did, what is the difference? How is it, that an employé of the Post-Office Department can be coerced? Simply because the post-office is a better job than any job he can get outside of it, and he sacrifices his vote for a good job. Now, where is the difference? I work in a shop, and my employer sees fit to put on the pressure, just the same as the Republican party puts on the pressure on post-office employés. The post-office employé would sacrifice his vote for $75 a month, and I would sacrifice my vote for perhaps $50 a month. Now, what is the difference?

The CHAIRMAN. The post-office is not a self-supporting institution; so your argument would not apply to that, while it does apply to the railroads that divide sixty millions a year in dividends.

Mr. MORGAN. Is it because of the fundamental principle on which the post-office is run that it does not pay? The fundamental principle on which it is run is the cost of the service, and if the service costs more than it should cost, it is not the principle that is wrong but it is the men who put the principle into operation that are wrong.

The CHAIRMAN. The amount paid to the railroads for carrying the mails impoverishes the post office, because the railroad companies are paid monstrous prices for the transportation of the mails.

Mr. MORGAN. Then you must realize at once that it is in the interest of the post-office system and in the interest of the people that the railroads should be taken by the government, because the mails pass over them, and it is not right that private individuals should have the right to stop the passage of the government mails whenever they see fit.

Mr. MARTIN. Would you have the government buy all the railroads in the country and pay for them?

Mr. MORGAN. Certainly.

Mr. MARTIN. How would the government get the money?

Mr. MORGAN. The same as the English Government got the money for the purchase of the telegraph system. The government can get the railroads in exactly the same way as the companies got them. The Union Pacific Railroad was built out of nothing, and perhaps it can be had for nothing. The government gave to the corporations that built the Pacific railroads, forty-seven million acres of land, besides money enough to build and equip the roads in every particular, and eleven millions over and above that. The government gave these companies the land and the bonds, and the companies promised to pay back the bonds at some future time. The government can take the Pacific railroads and pay the indebtedness to the men who own them, in time, just as the railroad stockholders intend to pay the government in course of time. Is not that fair?

Mr. SHERWIN. Your object in doing away with the competitive system is to make property really common among the people?

Mr. MORGAN. Excuse me. When you say my object in doing away with the competitive system is so and so, you misrepresent me. I say

that as soon as the institutions that grew up under the competitive system get ripe, the people should take them.

Mr. SHERWIN. You have been prophesying a time which you say must arrive in some way, either by revolution or otherwise?

Mr. MORGAN. Yes.

Mr. SHERWIN. You think that the change must arrive by revolution?

Mr. MORGAN. I believe so.

Mr. SHERWIN. Is that part of the teachings of the socialists—that the change must come by revolution, if in no other way?

Mr. MORGAN. I say it must come either by evolution or by revolution.

Mr. SHERWIN. The tendency is still against your proposition?

Mr. MORGAN. The tendency is still for revolution instead of evolution.

Mr. SHERWIN. Would you extend this method of government control to all classes of business?

Mr. MORGAN. Certainly.

Mr. SHERWIN. You would extend it to farming as well as to boot and shoe making, and to railroading and shipping, &c.?

Mr. MORGAN. I beg leave to be allowed to answer the question in my own way. If I answer your question yes or no, it may be that the answer would be wrong.

Mr. SHERWIN. I wish to get at the point and be done with it. Answer the question.

Mr. MORGAN. We class the thing like this—production and distribution. That is all that there is in it. We say that all production should be in the hands of the people, because the real things produced from the earth and machinery should go to the people, and we say that transportation should be on the same system as the post-office system.

Mr. SHERWIN. How would the government get the men to run the railroads?

Mr. MORGAN. The same as it gets the men to run the post-office.

Mr. SHERWIN. Hire them?

Mr. MORGAN. Hire them until other arrangements are made.

Mr. SHERWIN. What other arrangements could be made?

Mr. MORGAN. When production and distribution are in the hands of the people, things will be so arranged in detail that there will be no one to hire and no one to be hired.

Mr. SHERWIN. Suppose a man refuses to work?

Mr. MORGAN. Then he cannot live.

Mr. SHERWIN. Why?

Mr. MORGAN. Because under the co-operative system which this leads into, the means of labor and the resources of life will be in the hands of every man to be used, and, if he refuses to use them, he dies, as he ought to die.

Mr. SHERWIN. I understand that one of the objects of socialism is to equalize fortunes, so that one man shall not be the slave of another man. It makes no difference what a man's capacity for work is, he is entitled to a living from society, is he not?

Mr. MORGAN. Certainly.

Mr. SHERWIN. Supposing that, when this government gets control of all the business of the country, one-third of the men refuse to work, are they still entitled to a living?

Mr. MORGAN. Yes.

Mr. SHERWIN. Then the other two thirds are to work and support the one-third who will not work?

Mr. MORGAN. Yes; but allow me to state that such a thing could not possibly occur, for this reason, that there being no employers but only directors, there certainly cannot be any necessity for men to refuse to work except their natures are such that they would not do it out of natural spite; hence, if they refuse to work they could not live.

Mr. SHERWIN. Do men work now for the love of work?

Mr. MORGAN. Certainly not, under the present condition of things.

Mr. SHERWIN. In your opinion, would a man, so long as he is a man, work for the love of work?

Mr. MORGAN. He would work sufficiently to get him all the luxuries of life.

Mr. SHERWIN. What would be the need of his working if the government would furnish him with what he wants, even though he does not work?

Mr. MORGAN. We do not propose that, and hence the necessity cannot arise.

Mr. SHERWIN. You say that every man must have a living.

Mr. MORGAN. Must have the chance to get a living.

Mr. SHERWIN. Every man has the chance to get a living now.

Mr. MORGAN. He has not anything of the kind. What are tramp laws passed for?

Mr. SHERWIN. You contend that government would find men enough to do all the work, and that men would come in voluntarily to do the work?

Mr. MORGAN. Certainly.

Mr. SHERWIN. At the same time you have given it as your opinion that the time is coming when no man will work, but that all work will be done by machinery?

Mr. MORGAN. I said that the time is coming when, comparatively speaking, the work of men would be required no more.

Mr. SHERWIN. We want no vague prophecies. You talked about revolution.

Mr. MORGAN. You took up the prophecy and argued from that standpoint.

Mr. SHERWIN. We want to find out just what we are going into—whether two men who are perfectly willing to work under a certain state of things shall support another man who is not willing to work.

Mr. MORGAN. I did not state anything of the kind.

Mr. SHERWIN. You state, however, that the man who is not willing to work is entitled to his living at all events.

Mr. MORGAN. He is entitled to the means of living. He is entitled to the means whereby he can provide himself with the necessaries of life.

Mr. SHERWIN. How is the government to force men to labor?

Mr. MORGAN. I desire to state my points clearly, not to have answers forced into my mouth. You say that I said that the government should supply every man with the means of living. I said nothing of the kind. No socialist says anything of the kind. We say that under a proper arrangement of society the means of a livelihood should be within the reach of every man, and that every man should have the chance of living.

Mr. SHERWIN. But the remedy that you have proposed is that government should run all kinds of business.

Mr. MORGAN. Certainly, and the government means the people.

Mr. SHERWIN. If the government runs all kinds of business, then there will be no room for individual competition, and no need for any man working.

Mr. MORGAN. There will be all the room necessary for individual competition, but the competition would be of a different kind. It would be the competition of every man to do something whereby the interests of the whole people would be advanced.

Mr SHERWIN. What is the object of competition to-day?

Mr MORGAN. The object of competition to-day is to have the means of existence.

Mr. SHERWIN. What would it be then?

Mr. MORGAN. The object of competition would be, then, to raise the people to a higher state of civilization than they have ever known before.

Mr. SHERWIN. That is very vague.

Mr. MORGAN. Here is Mr. Tyndall and many other scientific men who can be mentioned, who are to-day devoting their entire lives to research in science for the benefit of mankind. There is competition. Competition under the system I speak of would be for the benefit of the people, and for the approbation which would follow from one man being more skillful and more intelligent than another.

Mr. SHERWIN. Suppose that by this means a man amassed a fortune, would you let him have the privilege of enjoying that fortune?

Mr. MORGAN. I would leave him to the enjoyment of his fortune.

Mr. SHERWIN. Is not that what is done now in society?

Mr. MORGAN. No, sir; here is the difference; in the co-operative system that we speak of, if a man's intelligence and ability give him the power to make a fortune he should enjoy it to the farthest limit.

Mr. SHERWIN. I am glad to hear you say so.

Mr. MORGAN. But he should not be allowed to use it to take advantage of another man, the same as he is allowed to do to-day?

Mr. SHERWIN. How would he enjoy it without taking advantage of another man? Suppose that he wanted to go to South Park, in the suburbs of Chicago, how would he go?

Mr. MORGAN. Drive himself. A man who would not drive himself ought not to ride. If a fortune only gives a man pleasure because he can hire another man and put him in front of his carriage as his menial, such a fortune ought to be put out of existence.

Mr. SHERWIN. Suppose two men went into business, and at the end of the year one man, by getting up early and sitting up late, and by not drinking, had saved $500, while the other man was $100 in debt, would you have the man who had saved the $500 pay the debt of the other man?

Mr. MORGAN. You are falling into the same mistake that the majority of people who discuss matters superficially fall into. You are trying to argue from the present condition of society; such things cannot be assumed to exist in the other condition of society.

Mr. SHERWIN. Suppose that, after the government has assumed the control of all the railroads, it does not find men enough to run the trains, how are the trains to be run?

Mr. MORGAN. By putting steam to them; that is easy enough.

Mr. SHERWIN. Would there not have to be power in the government somewhere to force men to work?

Mr. MORGAN. No, sir; what forces men to work now?

Mr. SHERWIN. A desire to get a living, I suppose.

Mr. MORGAN. It does not require government to force them to go to work.

Mr. SHERWIN. What is the best method of developing a real manly character?

Mr. MORGAN. By giving a man an education and the right to use the opportunities that are around him; by giving him, when he is old enough, a decent place to live and a few hours of leisure, and not forcing him into a factory ten hours of the day.

Mr. SHERWIN. You would have society give you a good house to live in?

Mr. MORGAN. The reason that workingmen live in hovels to-day, and that they are kept in factories for ten hours, is that we do not have a chance to enjoy the results of our labor. But under a co-operative system where we will have a chance to enjoy the results of our labor, and where we will get back an equivalent for the work that we do, then we will have a chance to have good homes.

Mr. SHERWIN. What is to prevent you and a dozen men co-operating and going into business for yourselves?

Mr. MORGAN. I will tell you what has prevented the success of all co-operative institutions so far, comparatively speaking. You cannot make a tree grow unless you plant it in proper soil. What do you do in starting a co-operative society to-day? You simply intensify the competitive system. Here is an illustration. The cabinet makers were on a strike for eight hours, and they proposed to establish a co-operative factory. One of them asked me to come and speak at his meeting last Saturday evening. I told him that from my standpoint I would perhaps disagree with him, and that the result to be derived from the co-operative factory would be perhaps to benefit the condition of its members, but to make the condition of the workmen in other shops worse. Why? The success of the co operative shop depends on the same principle as the success of all other shops depends upon, that is, the cheapness at which it produces its goods. Hence, to get trade, the co-operative factory must undersell the others, and the result of that is to make other employers cut down the wages of their laboring men.

Mr. SHERWIN. Then that kind of co-operative system would not work well, but you think that the government co-operative system would?

Mr. MORGAN. That is it.

Mr. SHERWIN. If the whole government were a co-operative machine, and if all commodities were produced by the government, where would be the market for them?

Mr. MORGAN. In the wants and desires of the people.

Mr. SHERWIN. Then the government would produce just what the people wanted and nothing more?

Mr. MORGAN. Yes.

Mr. SHERWIN. The people would want a good deal more than they now do, and therefore they would have to work a good deal more?

Mr. MORGAN. They would have more and work less.

Mr. SHERWIN. And how would you have the money managed?

Mr. MORGAN. It is pretty hard to go into details of what a future system should be when we see a committee of Congress that cannot tell us what is the matter.

Mr. SHERWIN. Your idea is that the government should be the great producer and distributor?

Mr. MORGAN. Yes.

Mr. SHERWIN. And that there should be no competition?

Mr. MORGAN. Stop a minute.

Mr. SHERWIN. You would have a system in which men should work for the love of work?

Mr. MORGAN. Certainly.

Mr. SHERWIN. And if they did not love work and did not desire it, they should have their living anyhow, from those who do love work?

Mr. MORGAN. No, sir; I do not propose to work for anybody if I can help it. I am obliged to do so now, but you could not get me to do so under the co-operative system.

Views of Mr. George A. Schilling.

Mr. George A. Schilling came before the committee as a volunteer witness. He said: I am a resident of Chicago. I am a cooper by trade. I have been here since the fall of 1875. I propose to read to the committee the preamble and declaration of principles of the socialists. So far as the platform is concerned, it is of a dual nature. One part is the declaration of principles and the other part a platform of measures embodying the socialistic state, or that which we are aiming at in the future. The platform embodies such measures as we expect, if possible, to get through the present existing condition of society before it dies. This platform was adopted two years ago in a national congress of the party in this country, and is almost verbatim the same as has been adopted by all the socialistic organizations in Europe. The platform is as follows:

PLATFORM OF THE SOCIALISTIC LABOR PARTY.

Labor being the source of all *wealth* and *civilization*, and useful labor being possible only by and through the associated efforts of the people, the MEANS of labor should, therefore, in all justice, belong to society.

The system under which society is now organized is imperfect, and hostile to the general welfare, since, through it, the directors of labor, necessarily a small minority, are enabled in the competitive struggle to practically monopolize all the means of labor—all opportunities to produce for and supply the wants of the people—and the masses are, therefore, maintained in poverty and dependence. The industrial emancipation of labor—which must be achieved by the working classes themselves, independent of all political parties but their own—is, consequently, the great end to which every political movement should be subordinate as a means.

Since the ruling political parties have always sought only the direct interests of the dominant or wealthy class, and endeavored to uphold their industrial supremacy, and to perpetuate the present condition of society, it is now the duty of the working people to organize themselves into one great labor party, using political power to achieve industrial independence. The material condition of the working people in all civilized countries being identical, and resulting from the same cause, the struggle for industrial emancipation is INTERNATIONAL, and must naturally be co-operative and mutual; therefore, the organization of national and international trades and labor unions, upon a socialistic basis, is an absolute necessity.

For these reasons the SOCIALISTIC LABOR PARTY has been founded.

We demand that the resources of life—the means of production, public transportation, and communication—(land, machinery, railroads, telegraph lines, canals, &c.)—become, as fast as practicable, the common property of the whole people, through the government, thus to abolish the wages system and substitute in its stead co-operative production, with a just distribution of its rewards.

The SOCIALISTIC LABOR PARTY presents the following demands, as measures to ameliorate the condition of the working people under our present competitive system, and to gradually *accomplish the entire removal* of the same:

1. Eight hours, for the present, as the legal working-day, and prompt punishment for all violations.
2. Sanitary inspection of all conditions of labor (means of subsistence and dwellings included.)
3. Bureaus of labor statistics in all States, as well as in the national government; the officers of the same to be elected by the people.
4. Prohibition of the use of prison labor by private employers or corporations.
5. Prohibition of the employment of children, under fourteen years of age, in industrial establishments.
6. Compulsory education of all children under fourteen years of age. All materials, books, &c., necessary in the public schools, to be furnished free of charge.
7. Prohibition of the employment of female labor in occupations detrimental to health

or morality; and equalization of women's wages with those of men, where equal service is performed.

8. Strict laws making employers liable for all accidents resulting, through their negligence, to the injury of their employés.

9. All wages to be paid in the lawful money of the nation, and at intervals of time not exceeding one week. Violations of this rule to be legally punished.

10. All conspiracy laws operating against the right of workingmen to strike, or to induce others to strike, shall be repealed.

11. Gratuitous administration of justice in all courts of law.

12. All indirect taxation to be abolished, and a graded income tax to be collected in its stead.

13. All banking and insurance to be conducted by the government.

14. The right of suffrage shall in nowise be abridged.

15. Direct popular legislation, enabling the people to propose or reject any law at their will; and introduction of minority representation in all legislative elections.

16. Every public officer shall be, at all times, subject to prompt recall by the election of a successor.

The CHAIRMAN. You have given us the platform of the socialists, and we have heard at length from Mr. Morgan on the subject of its application to government. State what, in your opinion, has been the cause of the disasters to business and labor, and the remedy therefor.

Mr. SCHILLING. If the panic that struck us in 1873 had been limited in its influence to America, I perhaps would have tried (like the Greenbackers or other men who propose local remedies) to find a local or national cause for it. But since the panic has been international and world-wide, I can come to no other conclusion about it than that there is a common cause for it running through the commerce and industries of the world, and that the remedy must be also a common one. I have been studying the history of panics so far as I have been able to study it (because I am a workingman and cannot always spare the necessary time to post myself). In the past they have assumed more of a local character than they have of late. The rotten banking system that prevailed some years ago was one cause of panics. In other countries there were probably different local causes, the outgrowth partly of overproduction and of the absence of an equitable distribution of the products, and of defective legislative institutions. But to-day we find, with a monetary system under which bank-notes do not fall dead in the pockets of the people as the old wild-cat bank-notes of some years ago did, the same disasters occurring from time to time, and instead of their remaining local they are universal. A few years ago we had an industrial crisis in America, while England and Germany were prosperous. To-day we have so internationalized our networks of commerce and trade that when one nation goes down, or when an individual crisis occurs in one nation, it shocks the whole industries of the world. I account for it simply by the gradual development of the powers of steam and electricity, by the application of machinery to all productive enterprises, by concentrating production in the hands of a few, by the gobbling up of all the small producers who used to exist years ago, thus forcing down wages. Why are the wages of labor forced down? Because the more product that the man who hires me extracts from my labor, the more he holds up his power against me as a lash. If I go on and strike it does me no good, because the strike in my own stomach becomes so effective that I must return to work. That is the condition of the working classes to-day, and yet men say that the system of human slavery is entirely abolished. I, as a socialist, say that slavery is not abolished. The chattel-slave system has only changed position. It has been only lessened in degree if it has been lessened at all. The principle of it still exists. Jefferson Davis made some remarks the other day in reference to the condition of the South compared with its condition during slave

days, in which he says that the wages institution in the South is to-day more profitable to the employing class than the chattel slavery of some years ago, because a laborer is now employed in the South for almost nothing, and the planter has not to pay the doctor to attend him when he gets sick and has not to bury him when he dies; and if the black men are wanted to vote, the planter has only to present a discharge or a shot-gun to them. That is our condition in the North too, even if it is not so intensified in degree.

The CHAIRMAN. That is your reason for the depression in business affairs in this country. What remedy have you for it?

Mr. SCHILLING. Well, I have been a Greenbacker in the past; I do not believe that that remedy would do us any good at all.

The CHAIRMAN. You do not think that an increase of the currency would help things?

Mr. SCHILLING. I do not think it would; in fact I know that it would not. My candid opinion is that the small middle-men who are to-day failing, would be still worse off if the volume of currency was increased. If the government should to-morrow issue a large volume of greenbacks, that issue would be the means of enabling the large capitalists to swallow up the middle-men, farmers and all, bag and baggage. I will tell you the reason. The peculiar function of capital is to increase itself by a legalized system of robbery called profit and interest. It is either the one or the other that money exacts, and if you pay your bondholders in greenbacks and destroy their opportunity to reap interest, they will immediately put their money into the active channels of trade and enterprise, and will get profit instead of interest. They will go from one end of the country to the other to find employment for their active capital. They will find that the land which is so cheap and so permanent in value is the safest thing to invest in, and there will be still more men going out and buying land by the hundreds of thousands of acres, and they will commence farming on a large scale to the ruin of our small farmers, who will find that they can no longer compete with the large agricultural monopolists. That is the natural drift of things; and the only possible effect that I can see of the greenback system would be the immediate development of a monopoly in agricultural affairs. If this would be the worst effect of it, I would not particularly care, but I look at it in this way: In looking at the classes of society to-day, I find that every particular class is governed in its politics by its peculiar class interests. I find that the mercantile man to-day hates a Tom Scott and a Vanderbilt because he has not been quite so successful as they, and he hates me because I say that there ought to be some equitable system of production and distribution, and because I deny him the right as a middleman to stand between me and the consumer and to exact his toll. He is governed by his peculiar class interests. He finds Vanderbilt on the one side and the wage-worker on the other. In fact, he stands between two mill-stones, and if I am not much mistaken, I think that they are going to crush him out.

The CHAIRMAN. Have you an idea that there is money enough in circulation to carry on the business of the country successfully?

Mr. SCHILLING. You have had men here to-day before the committee who have made the monetary question a lifelong study, who have breakfasted, dined, supped, and slept upon it, and they are not able to tell you whether we have enough of currency or not. If I were in business to-morrow and had a capital of $500 and had a good demand for the sale of my goods, I could turn that money over four times in the year. That would be equivalent to doing a business on a capital of $2,000 if I could

only turn that capital over once in a year. That goes to prove that there must be money enough in the country. There must be more actually than the demands of trade require. But there is such a stagnation that the purchasing ability of the people is destroyed and business men cannot turn over their capital even once a year. If the consuming power of the people were larger, a business man could turn over his $500 capital four times a year, and thus actually make more money than he does now on a capital of $2,000. I do not think that the introduction of a larger volume of currency would stimulate trade.

The CHAIRMAN. Is the condition of trade here healthy at present?

Mr. SCHILLING. So far as the competitive system and long hours of labor are capable of leaving it healthy, it is.

The CHAIRMAN. What is the price of labor?

Mr. SCHILLING. You had the statistics given to you last night. We took a great deal of trouble in getting up those statistics, and we found that the average rate of wages for adult mechanical labor is $1.02.

Mr. DICKEY. Some gentlemen want to know whether the engrossing of industrial pursuits by the government can be reconciled with personal liberty.

Mr. SCHILLING. It depends largely upon what you understand by personal liberty. If it means a recklessness of the welfare of the greater number, then socialism would directly interfere with it. But if the definition of John Stuart Mill—that a man can do as he pleases provided he does not transgress the rights of his neighbors—is the true definition of personal liberty, then socialism is the fruit of all that can be said in favor of it.

The committee here took a recess till 8 p. m.

EVENING SESSION.

CHICAGO, *July* 30, 1879.

Views of Mr. Benjamin Sibley.

Mr. BENJAMIN SIBLEY appeared before the committee as a volunteer witness. He stated, in reply to preliminary questions: I represent the Socialistic Labor party. I have lived in Chicago altogether about nine years. I am a photographer by occupation. My business, being one that supplies a luxury, furnishes a kind of index to the depression or prosperity of the people, and I am able to speak from that standpoint. I am employed in an establishment that is doing a very cheap and good business. It is doing very fine work at cheap prices, and under a prosperous condition of things it would be patronized by the working classes. Although we are making pictures at less than half the usual price of first-class pictures, more than nine-tenths of our patrons are certainly not of the laboring classes. As to the general depression of the laboring classes, I do not know that the committee desires me to make any statement.

The CHAIRMAN. We are appointed to examine into the causes of the depression of labor and of the depression of industries, and to suggest the remedy. What we want you to state is the cause of the present depression in labor, the prices of wages, and such matters.

Mr. SIBLEY. If I commence with the acknowledgment that labor is depressed, that will save me much trouble.

The CHAIRMAN. Your tabular statement, exhibited here yesterday, furnishes us proof in regard to that.

Mr. SIBLEY. I attribute the depression of labor first to a lack of what I choose to call civilization. Civilization is material wealth and knowledge. Material wealth and knowledge are the products of human labor. Ignorance and poverty are their opponents or antipodes. The depression of labor, in my opinion, is the result of a lack of that kind of civilization on the part of the laboring classes.

The CHAIRMAN. What we want particularly from you is to ascertain the causes of the depression and the remedy for it.

Mr. SIBLEY. My remedy is to remove the causes. If the causes of the depression of labor and the poverty of the laboring class had lain on the surface, they would have been discovered and removed long ago.

I pretend to know where the causes of all the poverty and all the ignorance of the laboring classes lie; and I pretend to know—I do know without the possibility of a mistake—the only way in which those causes can be removed, and I propose to tell you what I know in the plainest and shortest way.

In the first place, poverty and ignorance are the natural or primary conditions of all men.

The reason why the masses remain in that condition is that state or government ignores its most important function.

Commerce is the exchange between all the individuals of society of their labor or its products, including thought and knowledge.

This exchange of thought and the natural products of human labor constitute the foundation of all civilization.

The only thing of value which each man by nature possesses is the ability to think and labor, and the one condition most necessary to his prosperity and happiness is the opportunity to exchange his labor for the labor of others.

Government is the creature of men, and should be the instrument to secure their prosperity. Hence I claim that the most important function of government or state is to provide the means, or, if necessary, to be the means, by which all the members of society may exchange their labor.

Our government does not perform this function.

Our government, I know, makes laws in the interest of the individuals who assume this important function of state. But these individuals do not perform this function as a duty to the "people," whose labor they buy and sell, but they perform it entirely for the purpose of retaining as large a portion as possible of the products of that labor; and as all they gain is a loss to the persons who perform the labor, the interests of the two classes are directly opposed.

Statistics prove that the productive laborers of the country receive the power to purchase for their own use or consumption only about one-sixth of what they produce.

That it should cost more than eighty-one hundredths of all the wealth produced to effect the necessary exchanges and run the government is in itself monstrous, but the results which follow are still worse.

The people are unable, in the first place, to purchase all they produce, but since this system stimulates the incentive to accumulate money, they are unwilling to purchase all they can.

It needs but common sense to determine what must always follow. The people will all, and always, be trying to sell into the market more labor than they are able or willing to buy out, and history proves what common sense predicts.

And hence arises the evil which holds the laboring classes in poverty, ignorance, and many of the conditions of absolute slavery.

They are compelled to compete and underbid each other for the opportunity to labor.

All the accumulated means of production and exchange are the results of human labor. They are necessary to the industries of the people, and should be accumulated as the property of those who are to use them. What cannot be used by one alone, should be owned as the common property of all those who use it, or have a common interest in the manner of its use.

These things are now chiefly owned by men who do not use them, and who have obtained them in the shape of profits on other people's labor, and they have been able to gain this profit because the people have neglected to provide means for co-operation and exchange without loss to themselves.

I need hardly remind you that since man brings nothing into society except the ability to labor, the first thing necessary to the exchange of that labor is the opportunity to apply it; and in the means of exchange must be included the means by which the raw labor is reduced to an exchangeable commodity.

It is not required that any one of the rights or liberties of any of the people should be in any way abridged.

Nor is anything required that would have a tendency to depress individual enterprise.

It is simply necessary that the government should fill for the people the position now filled by the class of individuals known as capitalists, who do nothing of use except to own the means of labor and the homes of the people, and who now absorb more than three-fourths of all the products of their labor.

I expect this step to be opposed by all who do not earn their own living, because it would secure all the results of labor to the laboring classes, and hence would starve out of existence all others. But I believe it must come.

The CHAIRMAN. How are you to effect your object?

Mr. SIBLEY. I would effect that object by the establishment of an industrial republic. By an industrial republic, I mean a republic in which those things left by nature—by natural means—and those things which from time to time are accumulated as the product of natural necessity, shall remain the common property of the whole people, for the sake of enabling all the individuals in society to co operate for assistance and protection.

The CHAIRMAN. Do you think that Congress has the power to bring about that state of things?

Mr. SIBLEY. I did not say that.

The CHAIRMAN. What part of it has Congress the power to do?

Mr. SIBLEY. The power of Congress under our Constitution I confess more ignorance of than as to the condition of the laboring classes and as to what is necessary to their development. The first thing necessary to any change is that people should understand and know what the change is to be and how it is to be effected. It may not be possible under our Constitution (although I believe it is) for Congress to make many steps in that direction. But one thing is certain, that when a majority of the people are made to understand that what I have stated is necessary to the prosperity of the people, the difficulty will be overcome.

The CHAIRMAN. Not without action on their part?

Mr. SIBLEY. They will certainly act, and a fair report in Congress by this committee of the statement which I have made would go far, not

only to the advancement of the cause of humanity in general, but would go far to do an act of the very greatest justice, and something which certainly ought to be done. The truth ought to be set before the world in regard to the men who are called communists and cut-throats, and who represent the Socialistic Labor Party of Chicago.

The CHAIRMAN. What is the number of that organization in this city?

Mr. SIBLEY. I think that probably the organization has a membership of about 600, but the majority of our sympathizers do not belong to the organization. They are men who work too hard and have too much to attend to to become interested in the matter. They simply follow us and listen to what we have to say, and understand as much of it as they are capaple of understanding. They believe that we are right, and they vote for our principles.

The CHAIRMAN. About what percentage of those who belong to your organization and of those who sympathize with you are to-day out of employment in this city?

Mr. SIBLEY. Any answer that I would give to that question would be mere guess-work. I should judge, however, that probably from 10 to 20 per cent. were out of employment.

Mr. MARTIN. Are those men skilled laborers?

Mr. SIBLEY. There are many skilled laborers out of employment.

Mr. MARTIN. Belonging to your association?

Mr. SIBLEY. I know only one or two. I know one carpenter who has worked about half the time. Whether or not he can be said to be out of employment or in employment I hardly know, because sometimes he gets a few days' work. Sometimes he works steadily for a week at a time and sometimes for two weeks, and at other times for a month. There are probably hundreds of men in his trade and in other trades who are in the same condition—that is, who work from one-third to one half of their time.

The CHAIRMAN. Are matters improving in regard to finding employment?

Mr. SIBLEY. I hardly think they are. My own business is the best standpoint from which I can judge. For the last six years I have been connected in a general way with the photographic trade in Chicago, and that trade is quite a fair index of the whole city. I find that in that trade there has been a steady decline; our prices have declined more than 50 per cent. all around, and still the demand is on the decline. We are unable to sell half as many pictures as we did four or five years ago.

Mr. SHERWIN. Is the socialistic party a secret organization?

Mr. SIBLEY. No, sir. I must qualify that answer a little. We are an organization with an enrolled membership, and whenever we have any business to transact we are able to close our doors, if we wish, but we never do so except very seldom.

Mr. SHERWIN. Are there ranks or grades in your society?

Mr. SIBLEY. No, sir. We have officers to transact the necessary business. That is all.

Mr. SHERWIN. Do you know what proportion of the people who sympathize with you and call themselves socialists are naturalized citizens?

Mr. SIBLEY. No, sir; I do not.

Mr. SHERWIN. What would be your opinion on that point?

Mr. SIBLEY. I should judge that we average, probably, 10 or 15 per cent. more naturalized citizens than there is in the community at large, on account of the large number of Germans who are socialists.

Mr. SHERWIN. A great many of your sympathizers are not naturalized at all, I understand.

Mr. SIBLEY. I do not know anything about that. I do not know any person belonging to the party who is not a citizen of the United States. I think that those who sympathize with us become naturalized, because a man who becomes a socialist has interest enough to secure a vote in the community.

Mr. SHERWIN. What countrymen predominate most among the socialists?

Mr. SIBLEY. Germans predominate.

Mr. SHERWIN. There are Bohemians among the socialists?

Mr. SIBLEY. Yes.

Mr. SHERWIN. And Poles?

Mr. SIBLEY. I do not know.

Mr. SHERWIN. And Scandinavians?

Mr. SIBLEY. Yes; probably 10 per cent. of the organization are Scandinavians.

Mr. SHERWIN. How about the Irish?

Mr. SIBLEY. They are a little less in number than the Scandinavians. The Irish do not become interested in the organization so extensively as the Germans do. They stay outside of the organization and vote for us. I should judge that about 25 or 30 per cent. of all the voters who voted our ticket at the last election were Irishmen.

Mr. SHERWIN. What per cent. of them were Germans?

Mr. SIBLEY. Probably 40 per cent.

Mr. SHERWIN. And what per cent. were Bohemians and Poles?

Mr. SIBLEY. I cannot tell you; but they were a small number.

Mr. SHERWIN. Were there any Englishmen among them?

Mr. SIBLEY. Very few, I should judge.

Mr. SHERWIN. Then the percentage of native-born population among the socialists is small?

Mr. SIBLEY. O, yes; the percentage of Americans is probably not over 10 per cent.

Views of Mr John McAuliff.

Mr. John McAuliff came before the committee as a volunteer witness He stated, in reply to the chairman: I am a resident of the city of Chicago; I have been here about six years; I am an engineer, a stationary engineer. It is quite evident when panics occur so often as they do, and when there is so much poverty and want as the statistics of charitable institutions show, that there is something inherently wrong in the methods of producing and of distributing the products of industry. We transact business under what is called the competitive system. This competitive system places every man at war with every other man. It is a system of one man in America against forty millions against him. The more property that every person can get under his power, or call his own, is his fortification. It is that with which he fortifies himself to resist the aggressions and encroachments of his fellow-beings. As business is transacted we have two classes, the capitalist and the wage-working class. In fact we have three classes now—the monopolistic class (including the capitalists and merchants), the manufacturing class, and the wage-working class. According to the United States statistics of 1870, the capitalistic class, about three-tenths of the population, received four-fifths of the products of industry, while the wage-working class, seven-tenths of the population, received but one-fifth. Consequently

the wage-workers are unable to purchase more than one-fifth of the products of the country. Out of what the wage workers get they save a part, and the capitalists save a part out of what they get; so that in course of time a stock has been accumulated, and, according to the law of supply and demand, it would be unprofitable for the capitalists—who have the power to say that so many hats, or shoes, or buildings, must be produced—to continue production after that limit has been attained. If a man have a million dollars cash in a fire-proof vault, and if he have a building worth a million dollars, of which he can only employ or rent a portion, he would be very imprudent to take his million dollars out of his safe and put up another building, because he would be thus doubling the quantity of real estate in the market and thereby reducing the value of that which he had already on hand. This rule will apply to every branch of industry. The capitalistic class claims that there should be more produced; but we, the socialists, claim that there should be more consumed. There isn't a storehouse in Chicago in the drygoods business, in the shoe business, or in the hat business, that has has not a large stock on hand, and the manufacturing establishments in the east will not produce more until they have disposed of the stock on hand. Every time the wheel of industry goes around there is a part of its products saved, until in course of time the wheel of industry clogs and must be stopped. It is simply a question of time when we are to have a panic, because if but a small part of the products of industry be saved, it will take a long time to get up a surplus stock; but if a large part of the products of industry be saved it will take but a short time; and a large stock on hand means a panic. Now, if the figures were reversed, and if the seven-tenths of the population who are the wage-workers could consume four-fifths of the products of industry, leaving to the capitalistic classes, who are three-tenths of the people only, one-fifth of the products of industry, the result would be the same as it is now, viz, that in course of time a stock would be on hand saved, and then we would have a panic, bringing with it misery and destruction. The paramount cause of that trouble is the competitive system, which places us at war with each other. The opposite of that principle which has produced the present result may fairly be supposed to produce the opposite result. Now the opposite of competition is co-operation. In order that we may co-operate, we must get hold of the natural materials of the earth and of the means of production. There are three ways to do that. One way is to apply the law of eminent domain. The ownership of every square inch of land emanated from Congress, and Congress has the right to take it back whenever the public interest requires that step. Another way is, to abolish the law of inheritance, so that the property of a decedent may revert to the people. Another way is to take the property from the people who hold it, in the same manner as the negroes were taken from the slave-owners. This last measure is certainly not a very desirable means, but I am afraid that it is altogether too late to bring about the desired result in any other way. I believe that the first thing that Congress or any other legislative body can do is to confess to the people that it is not competent to deal with this question; that the monopolistic classes, having got control of such a large amount of capital, are able to prevent Congressmen from carrying out any legislation which they might desire to enact in behalf of labor, or of a proper adjustment of the relations between labor and capital. Congress should say to the people, "We are competent, mentally, perhaps, to deal with this question, but we cannot grasp the elements and forces that are brought to

bear against us by the monopolistic classes so as to be able to control matters and to enact laws which we wish to make. It is beyond our power to settle this matter, and the people must no longer look to us, but must look to themselves." It may be said that the people to-day look to themselves, but when you take into consideration the fact that there are 4,000 voters in the employment of the street railway companies of Chicago, and a large number of voters in the employment of the gas company, and a large number of voters in the employment of the stock-yard company, and of packing-houses, and a large number of voters in the employment of contractors who have wires to pull, and who are desirous of electing this, that, or the other man to office, and that these voters are all bulldozed by their employers under threat of being discharged unless they vote as their employers dictate; then we must come to the conclusion that the capitalistic classes control legislation, and that the wage-working classes do not; that, under the present industrial system, opposition to the capitalistic classes means discharge from employment, and that discharge from employment means want of bread and consequent misery to the workingmen; therefore, to-day, we are in reality, to a large extent, under the control of a capitalistic Congress, instead of being under the control of a hereditary Parliament, as in England. Congress and every legislative body in this country might revolt against the money power, and might legislate in the interest of the people, and then the people would go with them and uphold and maintain them. The revolt against the capitalists must come from Congress, and if it does not come from Congress it will come from the people, and Congressmen will be deposed. In this city, during the last five years, the great drygoods firm of Field & Leiter has doubled its business, has invested $3,000,000 in real estate, for which it paid cash, and has gone into the mining business out West. It could not do that in what are called good times. The monopolistic classes in every branch of industry are accumulating a great deal more than they could do by legitimate business in what are called good times. Having the power to monopolize, they do not intend to let go their grip. They will hold that power against the power of Congress and against the power of the people so long as they can. That power which has got its grasp upon the throat not only of laboring but of all industrious people of the country must be broken, and it can only be broken by revolting against it. I do not believe that Congress has the ability to break it, for the reason that there is not sufficient moral sentiment abroad among the people to uphold and maintain Congress. Congress must take a large part of the money now appropriated for the use of military organizations and use it for the benefit of the industrial classes. Congress must establish a labor bureau. Delegates from both the capitalistic and wage-working classes, men who are interested in the matter who are noted for their humane sentiments should be called into requisition, and should be sent through the land to disseminate such principles and ideas as are necessary now for the development and welfare of the people. I do not believe that we can get out of this difficulty in any peaceable manner. Nevertheless, we can, by agitation in Congress and elsewhere, instruct the people so that when they do revolt against this monopolistic power, they will know what they are fighting for, and will not be like the Irishman who said he often went into a fight without knowing what he was fighting for. The great masses of the people to-day are in that condition. The first thing that they need is intelligence, and without the assistance of the governing power of the country the people cannot get that intelligence, unless as

it is disseminated among them by men who work ten and twelve hours a day, as I do, and who go before the people and give them such information as their limited leisure and limited education and opportunities enable them to lay before the people. I look to Congress and to the State legislatures for nothing. I look to the common people, who are all down in the slums, to rise in revolt. When Frederick the Great asked Franklin what the American people expected to accomplish, Franklin replied, "Freedom, sire." That is the case with us. It is not for mere bread and butter and shelter that we must revolt; but it is to get freedom, it is to abolish the present condition of wage-labor, that the socialistic party has been organized. That is its central point; we cannot do it unless we get hold of the materials. As man is born with a natural right to breathe, it is self-evident that he is born with a natural right to have water and air without asking somebody else for it. He is born with a natural right to have bread, and he is entitled to it without being obliged to ask somebody else for the privilege of earning it. This movement is a struggle for the practical recognition of that natural right. Some eight years ago I was bulldozed out of a position of $1,800 a year which I had in New York. For the next year I was not able to obtain any position because I had advanced my sentiments and opinions in public in favor of the wage-working classes, and the capitalists said that the quickest way to shut me up was to starve me. I have no hesitation in saying that out of fifty-five or sixty thousand voters in Chicago there are from fifteen to twenty thousand of them who are bulldozed. They have the same liberty as the negro slave had in the South, the liberty to revolt against the dictates of their employers and to take their goods. That is the liberty which the negro slave always had. We must get out of this present industrial system into a new system, which must be a co-operative system—the people owning the means of labor and the natural materials of the earth. In some manner we must get into that system. The three methods which I have mentioned are the only methods that I can see; that is, first, the practical application of the law of eminent domain; second, the abolition of the law of inheritance; and, third, the taking away of the property from the Scotts and Vanderbilts, and from whoever own it. Individual interests must receive no consideration whatever in the settlement of the question, if it comes to that, any more than they did in the South. I believe that inside of three or four years the revolution of all the ages will be inaugurated in this country. That is the conclusion of six years of earnest, unselfish, disinterested (comparatively speaking) study of the question.

Views of Mr. James McArthur.

Mr. JAMES MCARTHUR appeared before the committee at its invitation. He said, in reply to preliminary questions: I am a resident of Chicago; I have been engaged in the manufacture of iron, the production of coal, and in public works. My business in iron and coal has been in Ohio, where my interests now are. I resided there until three years ago.

The CHAIRMAN. Are you engaged largely in business now?

Mr. MCARTHUR. I was; and am now somewhat, but not so much as I was at that time.

The CHAIRMAN. State in general what, in your judgment, has been the cause of the reduction in the prosperity of the country since 1873.

Mr. MCARTHUR. I attribute it to three things, and I will state them in the inverse order of their importance. It seems to me, first, that the contraction of the large foreign debt which we contracted prior to 1874,

and the stoppage of the bringing in of capital here from abroad, which was going on before that time, would, if there had been no other cause, have had the effect of depressing business from that time to this. Still I do not deem that an important factor. Next, I think that the passage of the resumption act in 1875, whereby it was decreed that the money then in use (which was the measure of values) should be enhanced in value, that the yard-stick should be increased in length at least one-eighth, and that all pre-existing debts should be settled by the new measure, although they were incurred by the old measure, was a great cause of the trouble. And the third and last cause to which I attribute the depression in business is the demonetization of silver. That took place, it is true, in 1873, but its effect was not felt until 1876. I think it is conceded that in 1865 we had the largest volume of currency that we ever had—certainly the largest per capita of population, although it is true that there is some question as to just what constitutes money and as to just what part of the national debt should properly be considered money. It is a difficult question to determine exactly what part performed the office of money and what not, but I think it will be conceded that our volume of money was larger at that time per capita, and larger in proportion to the amount of business done, than at any time before. We might reasonably have expected, indeed, what did take place. From 1865 to 1873 there was a fall in prices. The tables published by the New York Public show that in 1866, in leading commodities in the New York market, there was a large fall in prices. In consequence of the diminution in the volume of money, I should have expected (and, indeed, it was generally expected) that the fall in prices would have been greater, and I should have expected (had there been no other cause at work) that a depression in business would have begun sooner. But, in my judgment, the effect of this cause was neutralized by the large influx of foreign capital which came here for investment. The total debt was estimated at something more than two thousand millions from the beginning of the war till 1874. It stopped at that time, and I think (although that was not the important factor) that if there had been nothing else in the case, if we had had no monetary legislation whatever, the stoppage of that influx of capital from abroad was enough to have prevented us having as good times from 1873–'74 as we had before.

The next cause that I named, the resumption act, has been debated in Congress so much that it is rather stale. At the time that that act was passed, in 1875, the premium on gold was some 12 or 13 per cent. If the purchasing power of gold had not been increased (as it was thereafter), if we had appreciated by legislation the value of our money only from its then value in gold, that would have been in itself a change in the measure of value which would have changed the distribution of property, which would have taken from one class and given to another without its consent and without compensation. It was simply, in my judgment, confiscation. That would have caused falling prices, and was sufficient to cause the depression which we did have (added to the causes before) from 1874 to 1876.

Now, it so happened that the demonetization of silver in Germany changed the relative value of silver and gold, although there has been (as I think is conceded) no depreciation in the value of silver. An ounce of silver will buy as much at this time as an ounce of silver would have bought at any time, yet the relative value of silver and gold has changed very considerably. When the value of our paper money reached the value of silver, when a greenback dollar was worth 412½ grains of sil-

ver, if we had not theretofore changed our metallic standard the ill effects of resumption would have been at an end, or nearly so; the value of our paper money and of silver would have been equalized. It is true that they would have reached an equality sooner had not the value of the two metals been disturbed by the demonetization of silver in Germany; but still we would have had all the benefits of resumption in coin, at least, had not the one mode of paying debts been taken away. Now, in the mean time the value of gold has appreciated until (according to the London Economist, in an article published a few weeks ago) the purchasing power of gold has been increased about 25 per cent. If no other causes had been at work, but simply the bringing of our paper money to the present value of coin, that cause alone would have appreciated our standard some 25 per cent. I think that the appreciation of money and the depreciation of other things has been more than that; and for another reason, that prices are maintained in no small degree by the use of credit, and that a proportion of our business is ordinarily done on credit. I think it is a moderate estimate to say that in this country, in times of business prosperity, not less than three-fourths of all our exchanges are effected without the use of money at all. Assuming that proportion to be right, it would require at least four times the same volume of money to effect our exchanges on the same scale of prices, if credit were not used. Now, one of the first effects of this appreciation in the value of money (which means depreciation in the price of all other things) was to stop production, to stop factories, to stop the production and owning of things that constitute wealth, to throw out of employment many laborers, to prevent the ability to consume as theretofore, and to destroy private credit very largely, and this destruction of private credit threw upon money a large part of the work theretofore done by credit, and still further enhanced the value of money. In brief, I think that the three things which I have named are the causes of the depression which we have had in business for a number of years.

The CHAIRMAN. According to your judgment, did the wages of labor fall off in proportion to the depreciation of industries?

Mr. MCARTHUR. From my own experience I should think that it about kept pace with it. It was not widely different from it. This panic of 1873, in my judgment, was caused in the same manner as all other panics are. If there were no debts there could be no panics. Panics come because people get into debt. We were nearly out of debt in 1865. During the war and during the entire period of inflation of prices, we were more nearly out of debt than at any other time since then, and possibly than at any other time before. But with the close of the war this capital from abroad was induced to come here. A few bonds were sold abroad during the war at low prices, but after the close of the war they enhanced in value. We had done but little railroad building in this country for many years theretofore. The securities of the railroads that we then had were generally good and they attracted capital from abroad. It came pouring upon us here, and probably some fifteen hundred million dollars came in from abroad in those eight years. At the same time our people here undertook new engagements—I mean the people who ordinarily used the capital of the country. Many of our business men extended their engagements beyond the amount which they were accustomed to borrow. Another cause of the panic greater than this was that another large class of people, whose savings were in the savings banks and in banks of deposit, and had been loaned to people using them as capital, undertook engagements. A great amount of these savings was subscribed for the purchase of the Northern Pacific

Railroad bonds, and for a dozen other things, which invited the withdrawal of capital from the men who were using it. All this created a great demand. The demand came at once. This fabric of credit had been too widely extended and the demand for payment came, and when it came it came as is often the case, suddenly. Hence the panic. I do not conceive that the quality of the money which we had in use had any connection whatever with the panic. Just such panics have occurred where there was nothing but metallic money used.

Mr. COWGILL. Do you think that the very fact that we had such an abundance of money thrown upon the country at that time begot that spirit of speculation which caused this vast amount of indebtedness?

Mr. MCARTHUR. I think not.

Mr. COWGILL. What was it that begot it?

Mr. MCARTHUR. Our inflation commenced in 1862. The depreciation in the value of our paper was greatest in 1864, although the quantity of paper money was greatest in 1865. Up to that time, while one might think (and naturally would think) that rapidly rising prices would induce a large extension of debt, it did not do it here in our case. It did not do it in England when she suspended payments in 1797. The panic in England came after the war, in 1816, whereas in 1810 and 1812 the depreciation of the English paper currency was greatest. When we inflated in coin in 1850, debts did not increase. We had our panic in 1857. It came around in regular time. Now, while it would seem at first sight that during a period of inflation, during a period of rising prices, debts would be largely contracted, that was not our experience. Our debts were contracted on a lessening volume of currency; on a volume, at least, which was lessening in proportion to the population and in proportion to the business that was being done by it.

Mr. COWGILL. There must have been some reason for people contracting debts.

Mr. MCARTHUR. They did it just as much on one kind of money as on another.

Mr. COWGILL. What was it that induced the people to contract this enormous amount of indebtedness?

Mr. MCARTHUR. I have given the reasons so far as I can see them.

Mr. COWGILL. You have said that the debts were not contracted when we had the largest amount of currency?

Mr. MCARTHUR. They were not.

Mr. COWGILL. But that does not give the reason why they were contracted, and that is what I want to know.

Mr. MCARTHUR. Our history shows that about once in ten years we have a panic. It comes from an undue extension of credit. It comes from another thing—from undertaking new enterprises out of proportion to the available ready capital that we have. And it comes quite irrespective of the kind of money we use. Why it is that once in a decade people will engage in speculation (and we are at the beginning of that, now.) I do not know that I can undertake to say. I have given the thing which looked to me most apparent for the last panic, which was that there had been a large European capital invested here. We did not receive money for the whole two thousand millions of dollars of our indebtedness that went abroad. It came in goods, which goods were used here. Not only did we receive no money for it, but we sent abroad all the metals which we mined during all that time. We received the goods which supported the laborers; we received the property which went into construction. That foreign indebtedness was changed into

fixed property. It built railroads and factories and gave employment to labor. Notwithstanding the fact that we had a diminished volume of currency we continued to run into debt, and that caused the panic. So far as the quality of our money affected the question at all, in my judgment it retarded the contraction of these debts, because they would have been more likely to have been contracted on money that was at least not increasing in value. But that was the fact. Here were eight years of generally falling prices during which this large volume of debt was contracted; and the consequence followed, as it would have followed with any other kind of money.

Mr. COWGILL. Then you can give no other reason for the panic than that once in every ten years the whole community becomes wild?

Mr. MCARTHUR. There are reasons doubtless, but I cannot undertake to discover all the secondary causes. The primary cause is the one which I have given—the running into debt. We had not been building railroads in proportion as the country had been extending. Such securities as we had were paying well. Government securities were paying well. The rates of interest were higher than government securities abroad offered.

Mr. COWGILL. Is it not a fact that from 1870 to the time of the panic in 1873 there were a great many railroads built in the country which have never paid the stockholders a penny?

Mr. MCARTHUR. It is undoubtedly true that a great many roads were built that did not pay the owners.

Mr. COWGILL. It follows that there were investments made in some things which did not pay, leaving the people largely in debt?

Mr. MCARTHUR. Undoubtedly. The same labor could have been better directed; but whether the country has been made poorer or not by the building of these roads is another question, because while the railroads may not pay the owners or may not bring them any return for their investment, the adjacent property has been benefited by them, and the question is whether the enhanced value of the property is greater than the amount invested in building the road. If it is, the country has not been made poorer, while the owners who invested in the road may have been.

Mr. COWGILL. Following out the idea in the light you are presenting it; although the country may be richer as a country by the building of these roads, is it not a fact that those who made the investment lost their money and their property and found themselves in debt, and that from that resulted the distress, because it is only the men who are in debt who have been in distress?

Mr. MCARTHUR. The distress of the panic came indirectly from the losses there. But remember that that was the first panic in our history in which we had no money discredited. In all panics heretofore, especially in 1837, the money all over the country was discredited. In 1857 no small part of the Western money was discredited. But in 1873 not a dollar was discredited. Private credit was overthrown, but that is a thing which recovers a good deal more quickly than money can be replaced. I think we never had a panic in our history the effects of which we got over more quickly than that of 1873.

Mr. DICKEY. When did the effects of that panic cease to be felt?

Mr. MCARTHUR. In my judgment in less than a year. I was manufacturing iron pretty largely at that time, and we had a prosperous year in 1874. So far as that panic was concerned, its effects were over in a year.

Mr. DICKEY. Were its effects over as soon in regard to the whole country?

Mr. MCARTHUR. We had commenced to get better. We had not reached the point that we fell from, but we were coming up to it in less than one year's time.

Mr. DICKEY. And you attribute that to the fact that the money was not discredited?

Mr. MCARTHUR. Yes.

The CHAIRMAN. What, then, continued the depression?

Mr. MCARTHUR. The resumption act of 1875 and the demonetization of silver. These are the two things, I think.

The CHAIRMAN. What had contraction to do with it?

Mr. MCARTHUR. Contraction had this to do with it: It was known by the people who deal in money securities (sooner than other men knew it) that there was to be a change in the value of property, that the money in which it was measured was going to be worth more; and immediately there was a disposition not to invest in property, not to lend money as capitalists had theretofore lent it. It is true that the resumption act of 1875 made banking free, and provided for the withdrawal of 80 per cent. of greenbacks according as new bank notes came into existence. But the very fact that it was known by a large number that property was to be depreciated tended to depreciate it. The very fact that it was known by the owners of capital that property of any kind might be worth less four years hence, and would be worth less four years hence, tended to injure and destroy private credit. It made banking profitable. Many of the national banks surrendered their circulation, and although some national banks added to their circulation, yet in the aggregate the circulation was reduced from $354,000,000 to $322,000,000, while in the mean time the volume of greenback currency was reduced from $382,000,000 to $346,000,000 or $347,000,000. That is what it is now. The process of hoarding greenbacks in the Treasury has grown up since that time. It is being done, in my judgment, in defiance of law. That tended further to contract the volume of money. This seemingly small contraction of $70,000,000 is the short arm of the lever.

Mr. COWGILL. If there was a demand for money in the country, it would be profitable to any person who had the ability to furnish it, would it not be?

Mr. MCARTHUR. If money could be profitably used, I have no doubt that it would be furnished under the law as it exists.

Mr. COWGILL. If it could be profitably used when there was such an abundance of it, why does there not still continue to be a demand for it if it can be profitably used?

Mr. MCARTHUR. You had better define what you mean by demand. In the economic sense, demand means offering something which you have for something which you want. The measure of the demand for money is how much you offer for the money. Money cannot be profitably used, and people do not offer much for it, and therefore there is not much demand for it.

Mr. COWGILL. Is it not a fact that people made mortgages on their houses, and farms, and lots, all through the country at exorbitant rates of interest, for the purpose of obtaining money, from the time of the panic up to within the last year or two?

Mr. MCARTHUR. Not much, unless it was to discharge pre-existing debts. And when it was not for that, the people who borrowed money to engage in enterprises made a sad mistake.

Mr. COWGILL. They made a sad mistake in going into debt at all, did they not?

Mr. MCARTHUR. They did. Those who were so unwise as to borrow and agree to pay back the money in the future, were agreeing to pay a great deal more days' labor for it than they supposed, and a great deal more of their productions than they supposed, and they made a bad bargain.

Mr. COWGILL. That was because the money got to be worth more than it was worth at the time the debt was contracted?

Mr. MCARTHUR. That is it exactly.

Mr. COWGILL. If it is because there was a contraction of the currency, why was that trouble not remedied by the national banks furnishing the amount; because the national-bank currency is equally as good as greenbacks and equally as good as gold. Why, then, did not the national banks furnish a sufficient amount of currency to answer all the monetary purposes of the country?

Mr. MCARTHUR. There is no such demand for the money as would warrant that.

Mr. COWGILL. Then you think there is not any considerable demand for money?

Mr. MCARTHUR. You must not confound demand with desire. Desire and demand are, in economics, two different things. The demand did not take the form of offering such an interest for it as would induce capitalists to furnish the money.

Mr. COWGILL. Do you mean that they could not give sufficient security for it?

Mr. MCARTHUR. If they could give sufficient security for it, they could not use it profitably. It was decreed by the government that the money in which the debt should be paid back would be worth more than it was when the debt was contracted.

Mr. COWGILL. If these debts were wisely made and for proper investment, the borrowers could afford to give sufficient security to pay back their honest debts, could they not?

Mr. MCARTHUR. I do not know. There would not have been so many people wrecked as there have been if people had understood the forces that were at work. We were told all the while that at the next election, or on the occurrence of some event, confidence would be restored and the times would become better.

Mr. COWGILL. I understood you to say that the times have been gradually growing better since the next year after the panic?

Mr. MCARTHUR. I said that during the year 1874 business was improved, but I have not said that the improvement has been going on since 1874. I think that we fell to the bottom at the first drop, and that in three months after that we had begun to recover and continued to recover during the whole of 1874.

The CHAIRMAN. In the coal region of Pennsylvania, and particularly in the district that I represent in Congress, and where I have the most interest, the suspension of carrying on coal operations had the effect of reducing real estate in town and country to the extent probably of some 50 or 75 per cent. Give me your idea as to what produced so great a shrinkage in real estate?

Mr. MCARTHUR. A part of that shrinkage may be local, and there may be local causes for it. I believe it is generally observed to be true that, in times when prices are rising, real estate is generally the last to feel the effect of the rise, and that, when real estate begins to go down, it goes down the lowest. That is so essentially in town property. That

is a generally observed phenomenon. There may be local causes for the depreciation of real estate in your district with which I am not familiar.

The CHAIRMAN. Has not a great portion of the capital that has been invested in business operations in this country been the capital of New England, which was sent on here in prosperous times; and has not the enforced collection of those debts had a good deal to do with the depression of business in the Western States?

Mr. MCARTHUR. So far as I know, the Eastern capital that has been loaned in the West has been loaned on bond and mortgage.

The CHAIRMAN. At what rates of interest?

Mr. MCARTHUR. The rate used to be 10 per cent., I think; it is somewhat less now. I was told by a well-known business man in New York not long ago that they had concluded to make all their loans payable in gold, and that although they might loan money at a less rate of interest, they would get paid in better money than the money current at the time.

The CHAIRMAN. Have those mortgages been generally foreclosed?

Mr. MCARTHUR. So far as I know they have been generally continued, shaved, or paid off.

The CHAIRMAN. There has been no hard pressure for their collection?

Mr. MCARTHUR. There has been a great shrinkage in the value of farm property. A gentleman in Iowa, a relative of mine, went out there young, bought a large tract of land, paid half the purchase money, gave bond and mortgage on the other half, improved the property, went into farming, put up buildings, and has managed to pay the interest on the mortgage, and he says that he could just about sell the land now for the face of the mortgage. There are a great many more doubtless, in that position, having mortgages on their land equal to the value of the land.

The CHAIRMAN. Was it a general thing for those people who are engaged in agricultural pursuits to borrow money to carry on agriculture?

Mr. MCARTHUR. Not quite for that, but in all new countries—Indiana, Illinois, Iowa, and more particularly in Nebraska and Oregon, where land is cheap and where, ordinarily, land appreciates in value, men can pay rates of interest for money which cannot be paid elsewhere. They can buy lands at the low rates at which lands go in ordinary times, and, by borrowing a considerable part of the purchase-money, they can agree to pay and can pay larger rates of interest than can be paid in almost any other branch of business, and for the simple reason that the settlement of the country, without any act of their own, causes the property to enhance in value, and makes their holding of it profitable. That was one reason why so many loans were taken all over the West. So far as my observation goes, although these lands have shrunk largely in value, they have not generally sunk below the value of the mortgages; and while the persons who made the loans have to pay in the products of their labor a good deal more than they anticipated, and a good deal more than the government ever ought to have compelled them to pay (for it ought not to have interfered with contracts by changing the money), nevertheless, as a general rule, the debts will be paid.

The CHAIRMAN. I thought I understood you to say that the shrinkage of real estate in cities was larger than in agricultural districts.

Mr. MCARTHUR. Yes; that is my general information.

Mr. SHERWIN. If we had recovered from the panic in 1874, why have we not prospered since?

Mr. MCARTHUR. Since that time we have been at work making our exchanges, or attempting to do so. We had money which has been con-

tinually increasing in value, and if we continue tied to gold, we shall continue to be tied to such money. Whenever money increases in value the prices of all other things must go down, money being the measure of values. During a period when money is increasing in value and when prices of other things are falling, the difficulty is to carry on business at a profit. A manufacturer buys his raw materials to-day at the prices of to-day, he hires his labor at the prices of to-day, and by the time he gets his manufactured wares ready for the market, the cost of them, if not exceeding the market price at the time, is at least a good deal below his reasonable anticipations. The man who holds the goods when he comes to sell, is in the same plight. By the time that he is ready to dispose of them, they are worth less than he gave for them. If he gave his note for them, he has got to pay for the note more than he expected to pay, and the consequence is the more or less going into bankruptcy. The manufacturer not only loses by the change of the value of the commodity commencing at one price and ending at another price, but he loses by the failure of his debtors. In this way business cannot be carried on, and hence production stops and the power of consumption stops. The ability of the people to consume stops also. During all the period of activity in business labor was fully employed, all the machinery for the production of wealth was running well-nigh all the time, producing more of all that constitutes wealth per capita than it has been doing since. Since then mills have been idle, laborers have been out of employment, hundreds and thousands of tramps have been manufactured. Men have become tramps first from necessity, then from choice. This arose from disturbing this measure of value, money; changing this yard-stick. I conceive that nothing but necessity ever justified the inflation of the war times. I do not think that it was proper for the government to change the measure of values at all. But during the war an extreme necessity arose for a change of the measure of values, and the measure was changed. The needs of the government were then made the measure of values. They were the yard-stick by which all transactions were to be settled. But I say that it was not only unwise but was wicked on the part of the government to change that measure afterwards by its act. It had no right to do it. A change of the measure by which a contract is to be settled is a change of the terms of a contract.

Mr. SHERWIN. Supposing the government had not passed the resumption act, would not this same change in the condition of trade have taken place?

Mr. MCARTHUR. I think not. In my judgment, the cessation of the investment of foreign capital is accountable for but a small part of the depression which has followed since. If the resumption act had not been passed, and if the question of money had remained stationery, I think that with the restoration of private credit, which had begun in 1874, money would have, by simply a limitation in quantity, appreciated finally to par, because if the quantity of money did not increase as population and business increased, the necessities for use of money would have been such that, by the simple limitation of its volume, we would have reached equality between coin and paper. I do not think we would have had as active business after 1874 as we had for some time before, even if the resumption act had not been passed.

Mr. SHERWIN. You think that there would have been some depression?

Mr. MCARTHUR. Yes; the cessation of foreign investments here was a cause of the depression not to be ignored, although it was not an important one.

Mr. SHERWIN. The amount of circulation in 1874 was larger than the amount in 1873?

Mr. MCARTHUR. It was—not much, but a little. It was increased by ten or twelve millions that was put out during the panic.

The CHAIRMAN. What is your remedy for the evil?

Mr. MCARTHUR. First, restore silver to its place as a money material; make its coinage free. Let the value of money be regulated by nature, and not by Congress.

The CHAIRMAN. That is, according to its intrinsic value as a metal?

Mr. MCARTHUR. Not so at all. Let the quantity of money which anybody sees fit to coin regulate its value. Its value is to be regulated by its quantity anyhow. The quantity on the one hand and the uses on the other will regulate its value. Let it be free, so that whoever sees fit to coin may coin, and then its value will not be determined by law. I would make coinage unlimited, most decidedly.

Mr. SHERWIN. At what rate would you fix the silver dollar?

Mr. MCARTHUR. At 412½ grains. That is the dollar which we agreed to pay whenever we contracted to pay coin. I would do one other thing. So long as the government owes the debts that it owes now, I think it quite proper that it should have the benefit of as large a circulation of paper money (without interest) as can be kept afloat at par with coin. To do that, I would keep at least the present volume of greenbacks in circulation, as they are not kept now, although the law says they shall be kept.

Mr. COWGILL. What do you mean by saying that the greenbacks are not kept in circulation?

Mr. MCARTHUR. I mean that the law of 1878 requires the present volume of all the United States legal-tender notes that come into the Treasury to be paid out again and to be kept in circulation, with the single qualification that the Secretary of the Treasury may issue in lieu of mutilated notes other notes of the same denomination, and it further provides that every law inconsistent with that law is repealed. Now, as I read it, the Secretary of the Treasury has no right to do what he is doing now. He is receiving greenbacks on deposit. His last report shows that at that date some thirty millions of greenbacks were hoarded in the Treasury, for which certificates of deposit were issued. Now, if you deposit money in a bank and receive a certificate of deposit therefor, that money continues in circulation. It is not withdrawn. But when you deposit money in the Treasury, the money is tied up and is withdrawn from circulation.

Mr. COWGILL. Would it be any better if it were put in a private safe?

Mr. MCARTHUR. A man may do what he pleases with it, but the government should not be its custodian.

Mr. COWGILL. How would it affect the business relations of the community differently whether it is deposited in the Treasury or deposited in any other place where it is not used and does not go into circulation?

M. MCARTHUR. No one can prevent any one who chooses to burn up his money or to lock it up or do what he likes with it; but if a man puts his money in a bank for security the bank will pay it out the next day, and it will thus be kept in circulation. But it is not so with money placed in the Treasury.

Mr. COWGILL. The national-bank currency is just as good for all purposes of money as the greenback currency, is it not?

Mr. MCARTHUR. Substantially.

Mr. COWGILL. Then is it not a fact that good paper can be discounted for all the money that anybody can use profitably in this country?

Mr. McARTHUR. Yes, all the money for which there is now a demand.

Mr. COWGILL. Is there not money enough to supply all the demand for money if a repayment of it could be secured?

Mr. McARTHUR. Very likely.

Mr. COWGILL. Then what odds does it make whether the money is deposited in the Treasury or not?

Mr. McARTHUR. Because money that is deposited in the Treasury is just the same as if it was out of existence.

Mr. COWGILL. But what difference does it make, if there is another kind of money in existence which is equally as good and which can be furnished to all who have use for it, and can give security for its repayment?

Mr. McARTHUR. There can be borrowed, no doubt, all the money that can be profitably used, but there are other conditions which preclude the profitable use of such capital. That is the answer which I made to you a moment ago.

Mr. COWGILL. Do not those conditions apply equally to the use of Treasury notes?

Mr. McARTHUR. Treasury notes are but an instrument.

Mr. COWGILL. We are now talking about the manner of getting hold of money with which to do business.

Mr. McARTHUR. If money is not lodged in the Treasury, and if it is kept anywhere else, there will be an inducement to put it into circulation.

Mr. COWGILL. If some other men or associations have an equal amount of equally good money as the greenbacks that are lodged in the Treasury, how does the deposit of the greenbacks in the Treasury affect the interests of the country?

Mr. McARTHUR. There is this very great difference, that if the money was deposited in bank it would be for the advantage of the bank to get it into circulation; but it is not for the advantage of the Treasury to do so.

Mr. COWGILL. Is it not for the advantage of the banker to have his national-bank currency put into circulation, and if it is profitable for him to do so, will he not get more currency and consequently put it into circulation if it can be profitably used?

Mr. McARTHUR. But I say that it cannot be. If you would place greenbacks anywhere else than under lock and key in the Treasury, more or less of them would reach circulation, even if it was not so profitable to use money.

Mr. COWGILL. You mean that if a man could not put his money in some place where it could not be secure, he would be more careless about it, and would make more reckless investments?

Mr. McARTHUR. I said no such thing. I said that if a man had not got the Treasury to put his money in, it would be his interest to put it where it would get into circulation; but money that is locked in the Treasury does not get into circulation. Read the law and tell me by what authority the Secretary of the Treasury receives $30,000,000 in greenbacks and locks them up in the Treasury, issuing certificates of deposit for them. By what right is he issuing $5,000 and $10,000 notes when the law says he shall only issue notes of the denominations then in existence, and when the law says he shall redeem them in any kind of money that the creditor may want.

Mr. COWGILL. We are not here to impeach the Secretary of the Treasury. This committee has nothing to do with that.

Mr. McARTHUR. Very well; but I think, nevertheless, that the Secretary is violating the law.

The CHAIRMAN. You were proceeding to state the remedies.

Mr. McARTHUR. Yes. I would try to get a law passed to keep the present volume of greenbacks in circulation.

The CHAIRMAN. And you would pass the Warner silver bill?

Mr. McARTHUR. Yes, or its equivalent.

The CHAIRMAN. What else would you do?

Mr. McARTHUR. I think the time is close by when either the greenback currency or the national-bank-note currency will get out of circulation. As the law stands now, I think that the greenbacks will go to the wall.

The CHAIRMAN. Ought they go to the wall?

Mr. McARTHUR. No, sir; the government ought to have the benefit of all the circulation that the country can absorb on a par with coin; first, because it will save interest on that much debt, and after that for another reason. Now, to prevent that thing, and it is close by (I mean that contest as to which paper shall be kept out), I would make bank notes payable in coin. Then I would have no fear of the greenbacks. I think we could circulate at par with coin a larger volume of greenbacks than we now have in circulation; but I do not propose to raise that question now.

Mr. MARTIN. Ought the present volume of currency to be increased?

Mr. McARTHUR. I think it might safely be increased if it was made payable in coin.

Mr. COWGILL. Do you intend to give them the legal-tender quality, too?

Mr. McARTHUR. Certainly.

Mr. MARTIN. Would you give the legal-tender quality to national-bank notes that are not payable in coin?

Mr. McARTHUR. I said that, in my judgment, if national-bank notes were payable in coin so that to the extent that they circulate at all they would circulate in place of coin and not in place of greenbacks, in that case a larger volume of greenbacks than we now have in circulation could be maintained in circulation at par with coin, and not otherwise.

Mr. MARTIN. The national-bank notes not being payable in coin, you do not think that their circulation should be increased?

Mr. McARTHUR. I would not recommend it. I think that Congress has tinkered too much with the currency and that it had better not tinker any more with it.

Mr. SHERWIN. Why do you say that Congress had better not tinker any more with the currency?

Mr. McARTHUR. Because I think that the value of money should not be regulated by law.

Mr. MARTIN. You would not increase the currency unless that currency could be floated at par?

Mr. McARTHUR. No, sir; for the simple reason that I should object to changing the value of money. The same objection that exists to increase the value of money exists to bringing it to a lower value. I do not think that Congress has any right to change the value of money by law, because that is equivalent to changing the terms of their contract.

Mr. MARTIN. You would not then retire the national bank-notes?

Mr. McARTHUR. I think they will retire themselves, if you do the simple thing that I ask you.

The CHAIRMAN. Do you not think that, under our present banking law, it is the duty of the government to furnish the country with the

necessary currency to transact the ordinary business interests of the country?

Mr. McARTHUR. I think it the duty of Congress to furnish the money to the country, to stamp coin, and to furnish the paper currency so far as it can be done within those limits. It is simply a question of policy whether Congress ought to allow money to be furnished by corporations. I do not think it politic for the government to surrender its right to issue money. If the government had no debt, I should say that it should keep out of the issuing of paper money entirely; but the government has a large debt, and by issuing a paper money it saves that much interest. I do not think that the government should so increase the issue of greenbacks as to depreciate their value below the coin standard. I wish to get back to the old landmark of the fathers and to stay there. I think that is the best thing.

The CHAIRMAN. Who is to judge of that stand-point?

Mr. McARTHUR. That will take care of itself if you make the coinage of silver free and make the silver dollar the unit of value. There is another way of taking care of that value. It is a question of policy. If human wisdom were equal to the task of proportioning money to business so as to keep the proportion always constant, then a cheaper money than coin is just as good as coin, and governments might furnish it. But that is not within human wisdom. The nearest approach to it would be that the quantity of money to be furnished should be a given amount per capita. That is, perhaps, the best way to get at it. A better way still would be to have the quantity of money proportionate to the wealth of the country; but that could not be got at so easily. If Congress should furnish paper money at so much per head of the population, it would probably not fluctuate much, or any, in value, because its use would keep pace evenly perhaps with population. The quantity of money required for our population would be far too small for the French, or other populations, but I think a suitable mean can be arrived at in that way.

The CHAIRMAN. Do you entertain the opinion that there can be possibly a better currency furnished to the people of this country than the legal-tender currency?

Mr. McARTHUR. No better paper money can be furnished; and if it were possible for human wisdom to proportion the quantity of money to business, no better money could be furnished for all purposes of internal commerce.

The CHAIRMAN. On the face of the legal-tender note there is nothing to show that it is based on coin.

Mr. McARTHUR. No matter, if it is never to be paid. If for any cause people generally accept a money, if it is generally received and accepted in exchange, then its value depends on its quantity on the one hand and on the use for it on the other hand. These are the two conditions which determine its value. We see (and it is a curious phenomenon) that people take money without any expectation that it is ever to be paid in anything else, but it is no less curious that people take metallic money which has less value than its face value.

The CHAIRMAN. Which do you regard as the best paper money of this country, legal-tender notes or national-bank notes?

Mr. McARTHUR. Legal-tender notes, decidedly.

The CHAIRMAN. Why?

Mr. McARTHUR. In my judgment, if you fix a volume of legal-tender money (even though it be irredeemable) and have the quantity no larger than would circulate at par or nearly at par with coin (that can be

regulated by its quantity), it would have one very great advantage over metallic money. Metallic money being the international money, the material in which we settle international balances, whenever there is an adverse balance of trade which we have to settle abroad, that balance is taken from our money and the price of money goes up, and that puts the prices of everything else down. The money that goes abroad affects the prices of everything. For every dollar of gold that goes abroad property shrinks in value. Now, with an inconvertible money you have this advantage, that your money volume will remain here and prices generally will not be disturbed. The commodity of gold or silver may go up or down, but it will not disturb values generally. Hence there is a very decided advantage in not using metallic money if you can fix a volume of money that will remain equal and stable in value.

Mr. COWGILL. Do you believe it possible to fix that kind of paper money which is irredeemable?

Mr. MCARTHUR. I take it that we must continue to have a greenback circulation so long as the government lasts.

Mr. COWGILL. Why was it that greenbacks were so much depreciated in value at one time?

Mr. MCARTHUR. Because there was such a volume of greenbacks issued in proportion to the business they had to do. That was the cause, and that alone.

Mr. COWGILL. Was it that, or was it because there was a class of men in the country who had no confidence in the ability of the government to redeem with currency?

Mr. MCARTHUR. So long as it circulates as money at all the question of confidence does not enter into it.

Mr. COWGILL. And is it not a fact that nearly half of the whole community at that time, as fast as they could get greenbacks, invested them in anything so as to get rid of them?

Mr. MCARTHUR. No; that was not it.

The CHAIRMAN. Those are the only remedies you have to suggest?

Mr. MCARTHUR. These would be my remedies: to restore silver, to save the greenbacks, and to make bank notes payable in coin.

Views of Mr. Frank G. Thompson.

Mr. Frank G. Thompson appeared before the committee as a volunteer witness. He stated that he was a workingman. He would not go into an argument about currency, as that was a question about which people differed in regard to whether it was responsible for the hard times. There had been a large amount of currency in circulation during the war, and yet the prices everywhere were high. The American laborer desired an increase of currency which would give him more food and clothing. He demanded only such an inflation of the currency as that the greenback could be kept at par with gold. Any other inflation or expansion of the currency would be detrimental to his interest. There must be a currency equal to the demand of trade, but that currency must be based on real value and must be redeemable in gold or silver.

The CHAIRMAN. You are decidedly a hard-money man?

Mr. THOMPSON. I am in favor of the Warner silver bill. I am a bi-metallist. You can scarcely find a workingman in Chicago who is not a bi-metallist. We are in favor of that currency that has value. We are law-abiding citizens, and are all the architects of our own fortune. The man who grumbles at this country not giving him a living should

certainly not call the country his own, and is not deserving of having such a country. The man who has ambition and energy to work for a living will certainly never starve in this country. We are told that there are 600 members of a communistic organization in this city—an organization that sprung up in France. It sprung into existence from debauchery and vice. It sprung up among the people who took a harlot from the streets and proclaimed her the Goddess of Reason. There are men trying to inculcate the same teachings in this country, but they will fail in the attempt, because the working classes of this country are too intelligent to believe in any such system. It is true that at the last election there were about 11,000 votes cast for the ticket supported by the socialists, but it was because Democrats would not vote for their own candidate, and threw their votes away. Another thing that I regard as being the cause of depression and hard times in this country is the anarchy that exists in the South. I am opposed to labor unions. In Great Britain labor unions paralyzed industry. If you go to Great Britain to-day, you will see hundreds of starving women and children, owing to the fact that their husbands, their natural protectors, are bound by their adhesion to trades unions to starve rather than work.

The CHAIRMAN. What remedy do you propose for the present depression? What would you have Congress do in the matter?

Mr. THOMPSON. I would simply have Congress pass the Warner bill. Any member from this city who does not vote for it will never go back to Congress.

The CHAIRMAN. What other remedies do you propose?

Mr. THOMPSON. I would have a law passed preventing any contraction of the currency more than is necessary. I have read John Sherman's speech; part of it suits me and part does not. Let us have as much currency as we can have without endangering the value of the paper dollar. I would have the paper dollar convertible into gold and silver.

The committee here adjourned until to-morrow at 11 o'clock.

CHICAGO, *July* 31, 1879.

Views of Mr. John M. Clark.

Mr. JOHN M. CLARK appeared before the committee at its invitation. He said, in reply to preliminary questions, I live in Chicago; I am engaged in manufacturing leather; I have resided in Chicago nearly all my life; I have been here over thirty years; I have been in the leather business thirteen or fourteen years; I employ in the business from one hundred to three hundred men, varying at different seasons of the year.

Mr. SHERWIN. Please state to the committee the condition of your branch of business in this State, and in this portion of the country, so far as you know.

Mr. CLARK. The demand for our production is all that we could ask for. There is no specially large margin in profits; but the business is very good. The business is good, but the profits are small.

Mr. SHERWIN. How is the volume of business now, compared with that of a year or two ago?

Mr. CLARK. Perhaps it is not quite up to what it was two years ago. I think it is about the same as it was one year ago. I am speaking from our own experience, but I think that that is the experience of all the trade.

Mr. SHERWIN. Are there indications of better times now?

Mr. CLARK. I think there are.

Mr. SHERWIN. What are these indications?

Mr. CLARK. Nearly all of the unsound houses in the business have gone by the board, and there is an evidence of steady and better demand for goods.

Mr. SHERWIN. Where are your sales made chiefly?

Mr. CLARK. Our individual sales are made almost altogether in New England.

Mr. SHERWIN. Judging from your customers, what would you say as to their solvency?

Mr. CLARK. Our customers are selected, as it were, and nearly all of them discount their own bills.

Mr. SHERWIN. Should you judge that there was any change for the better or for the worse, in their ability to pay now from what that ability was a year or two ago?

Mr. CLARK. I should think perhaps that their ability to pay now is better than it was a year ago, although we have had no trouble in that line ourselves for some time.

Mr. SHERWIN. Were you in business before the war?

Mr. CLARK. No, sir.

Mr. SHERWIN. Then you cannot compare business now with what it was then?

Mr. CLARK. No, sir.

Mr. SHERWIN. Have you any idea as to the general business in this city as compared with one year ago?

Mr. CLARK. Judging from the evidences that I see about me, I think that business is better now than it was a year ago.

Mr. SHERWIN. Can you refer to any special case or cases that would be an example of that?

Mr. CLARK. I notice that the bank clearings are larger every week than they were during the corresponding week a year ago. I notice that the receipts of the railroads are better, and that laboring men are getting better wages.

Mr. SHERWIN. Do you know anything about the building business in this city?

Mr. CLARK. I know a little in regard to one building in which I am interested; that is the Chicago Central Music Hall on State street. I think that that is one good illustration of the change in times between now and a year ago. We had all our plans for the construction of the building a year ago, and we advertised for bids and received bids for all the different classes of work, but the organization of the company was not perfected, and the bids could not be let until this spring. Then we advertised again, and had bids from the same contractors in the different classes of work, and those bids averaged ten per cent. higher than the bids for the same work last fall, making a difference of nearly $13,000.

Mr. SHERWIN. Have you had, during the past few years, many applications from laborers for employment?

Mr. CLARK. Yes, sir.

Mr. SHERWIN. Applications from men whom you could not employ?

Mr. CLARK. Yes.

Mr. SHERWIN. How has it been in that respect this year?

Mr. CLARK. We have had very few such applications this year. We are having a good deal of difficulty in getting men to do the work. For common labor it is almost impossible to get the men. We have had our

dock piled full of bark for weeks from inability to get men to move it as fast as the bark arrived.

Mr. SHERWIN. Do you know what wages are now, as compared with wages in 1860?

Mr. CLARK. I do not.

Mr. SHERWIN. Do you know what wages are now, as compared with wages in 1872–'73?

Mr. CLARK. I cannot tell without referring to books; I know that we are paying larger wages now than we were last year; about 10 per cent. greater.

Mr. SHERWIN. Do you think it is true in all kinds of business, so far as your observation goes, that the sales this year are greater, but the profits are smaller?

Mr. CLARK. I think that it is generally true in business that profits are smaller, but that the demand for almost everything is getting greater.

Mr SHERWIN. What is the reason for the small profits?

Mr. CLARK. During the severe depression that we have passed through all business was brought down to almost as close a margin as it could be, and this margin is still close.

Mr. SHERWIN. Could business be done profitably if the prices of labor were 10 per cent. greater than they are now?

Mr. CLARK. An increase in wages would necessitate a rise in the price of the manufactured article.

Mr. SHERWIN. What would be the effect of that rise on business here provided the same change was not made in all parts of the country?

Mr. CLARK. I do not think that we could advance our prices here unless they were advanced elsewhere.

Mr. SHERWIN. Is there any trouble as to the amount of money in circulation here? Do the manufacturers require any more money in circulation?

Mr. CLARK. I have seen no evidence that they do.

The CHAIRMAN. Then you think, on the whole, that you are getting over a great trouble, and that business is assuming a prosperous condition?

Mr. CLARK. I think there is no doubt of that.

The CHAIRMAN. You are on the mend?

Mr. CLARK. Undoubtedly. There is every evidence of it.

The CHAIRMAN. Do you think that that statement applies to all branches of trade?

Mr. CLARK. I do, so far as my observation has gone. I have spoken to different persons, and their experience is generally about the same.

The CHAIRMAN. What price do you pay for ordinary unskilled labor?

Mr. CLARK. $1.25 per day.

The CHAIRMAN. What do you pay for skilled labor?

Mr. CLARK. All the way from $10 to $25 a week.

The CHAIRMAN. Then you think that there is an opportunity for every man in this city to be employed—I mean every laboring man, who seeks employment?

Mr. CLARK. There may possibly be some branches of skilled labor in which it is difficult to get employment. I do not know of any. We have had more difficulty in getting unskilled labor this summer than in getting skilled labor.

The CHAIRMAN. You speak only in regard to the branches of business in which you are engaged?

Mr. CLARK. We had a fire in our factory a while ago, and in rebuild-

ing the factory we were in a great hurry to push things along, but our contractors told us that they could not do the work any faster because they could not get the men.

Views of John F. Scanlan.

Mr. JOHN F. SCANLAN appeared before the committee as a volunteer witness. He said, in reply to preliminary questions, I have lived in Chicago since 1851. I am an ornamental carver by trade. I was for ten years a merchant in the wholesale confectionery business. I was engaged for three years in dealing in brick and building materials. Just now I have no business, except some private interests of my own.

The CHAIRMAN. Are you familiar with the labor question?

Mr. SCANLAN. I gave it a good deal of attention for ten years. I have employed from 100 to 125 persons for nine years.

The CHAIRMAN. In what branch of business?

Mr. SCANLAN. Manufacturing confectionery and in the brick and material business.

The CHAIRMAN. Has the question of labor varied within the last ten years?

Mr. SCANLAN. It has varied very much.

The CHAIRMAN. What was the worst time for labor during the present decade? When was labor the most depressed?

Mr. SCANLAN. I think in the last three or four years, immediately after the panic of 1873. The district in which I live is largely made up of working men. I have inquired of the retail dealers as to the effect of the panic, and they stated to me at that time that their trade fell off at least 33 per cent. in a month. Since that time there have been a great number of unemployed men, and wages have fallen very much.

The CHAIRMAN. Up to what time do you fix the greatest depression?

Mr. SCANLAN. It continued until immediately before the opening of this summer.

The CHAIRMAN. Then, as a general thing, labor has been very much depressed during the last seven years?

Mr. SCANLAN. Yes; since 1873.

The CHAIRMAN. Is it improved now?

Mr. SCANLAN. I think it is slightly on the improvement.

The CHAIRMAN. Is there any considerable number of laboring men out of employment in this city at the present time?

Mr. SCANLAN. There is a considerable number out of employment at the present time. I have a friend who has been a foreman on street works, and he has given me the result of his experience. Two or three years ago a large number of laboring men depended on street employment, and he has changed his men as often as once a week and twice a month, in order to give them all a chance of work; he has known instances where, when he wanted twenty or thirty or forty men, he has had three or four hundred men at his door. He has come to my house and said that he had to run away from men applying for work, as he could not employ them all; and his wife has told me that she has had to empty all the cupboards in the house to give these poor men bread.

The CHAIRMAN. How many men are engaged in this street work?

Mr. SCANLAN. Last year this friend of mine employed from forty to sixty men in his district. This year he employs from twenty to forty-five. His district consists of three wards. The wages of the men are now a dollar a day.

The CHAIRMAN. State whether there is employment in the city of Chicago for all the laboring men that are now here?

Mr. SCANLAN. I do not think there is.

The CHAIRMAN. What proportion of them fails to get employment?

Mr. SCANLAN. I had occasion to make out a list of a certain number of trades for the government last fall. One of the officers in the State Department at Washington asked me to fill out a paper in regard to a certain number of trades showing the amount of wages received, and the cost of family supplies. I did so last fall. At that time the estimate was that at least one-third of the entire working population of Chicago was constantly idle. The condition of things has improved a little since.

The CHAIRMAN. You think that at that time, of the working men of this city, the number out of employment was about one-third?

Mr. SCANLAN. Yes; the condition of things is improved some this year. The only two trades whom I found entirely employed, or pretty fairly employed, are the saddlers and harness makers, and the bookbinders. That was early last fall, at a time which we consider a busy season here.

The CHAIRMAN. Have you any idea as to a remedy that can be afforded by general legislation for the relief of laboring men?

Mr. SCANLAN. Yes; I have an idea. For the last ten years I have given this question of labor and political economy some attention. I was engaged in business for ten or twelve years previous to that, and I think I knew as much about business matters here as most business men—which is nothing. I took no cognizance at all of the effect of the volume of currency on the general wealth of the community. Since that time I have given attention to the subject, and I am perfectly satisfied that the cause which has always wrecked us is poor money, and an insufficient volume of currency.

The CHAIRMAN. What do you mean by "poor money"?

Mr. SCANLAN. Within the last seventy years we have had ten panics. In each instance the panic was caused by something being the matter with the money. There was no natural cause for it. We had peace, plenty, and good health at all these periods. Our money has been based on coin, but $4, $5, $10, and $20 in paper (and in one instance, in Connecticut, $23), have been issued for every dollar in coin; and just as soon as the people found it out they rushed to the banks and brought on a panic. We are still continuing that system of money on a coin basis, and in trying to get at that coin basis we have contracted the volume of currency to a point that is insufficient to carry on the commerce of the country, and to employ all the people. Hence a stagnation in trade. The cure for that is an unlimited coinage of gold and silver with certificates, and an additional amount of paper money based on the faith of the entire wealth (not a portion of the wealth) of the government.

The CHAIRMAN. What remedy would you propose to give relief?

Mr. SCANLAN. An unlimited coinage of silver, the issue of silver certificates, and an additional issue of paper money, issued on the faith of the entire wealth of the government.

The CHAIRMAN. On the question of tramps. Are tramps, as a class, men who are out of employment, or are they vicious men who are tramping through the country for the purpose of marauding?

Mr. SCANLAN. Those men who have applied at my house for food I have found to be a fair average of American citizens. In two or three instances tramps who have sat at my table have said grace, which is something I very often neglect myself.

Views of Mr. S. F. Norton.

Mr. S. F. NORTON appeared before the committee as a volunteer witness. He said, in reply to preliminary questions, I have been a resident of Chicago for twelve years; I have been practicing law ten years; I was a journalist about nine years.

The CHAIRMAN. Give us your idea as to the causes of the present hard times, and as to the remedy.

Mr. NORTON. The contraction of the currency has brought the hard times, and the only remedy that I know of is the increase of the volume of currency.

The CHAIRMAN. To what extent would you increase the volume of currency?

Mr. NORTON. If I could impress upon Congress, in the first place, the necessity for an increase of the volume of currency, I would run the risk of the wisdom and patriotism of Congress to decide as to the amount. I would say that there should be a gradual increase of the currency until prices were restored to the figures which existed at the time the present volume of debt was created.

The CHAIRMAN. Do you attribute the cause to the contraction of the currency?

Mr. NORTON. I do; directly or indirectly. There may have been some minor causes, but I cannot think of anything else that would produce the depression in labor and business which we have experienced for the last five years except the contraction of the currency.

The CHAIRMAN. What is the condition of labor in this city at present?

Mr. NORTON. I examined the other day the statement that has been submitted to the committee, and I think that that statement as handed in by the trades union is substantially correct. I think there has been a reduction in the wages of about 40 per cent.

The CHAIRMAN. Is there an opportunity in this city for laboring men who seek employment to be employed?

Mr. NORTON. Not so far as my observation goes. I think there are a great number of unemployed men, in fact I know that there are. That is a noticeable and notorious fact.

The CHAIRMAN. To what do you attribute the shrinkage in real estate in this city?

Mr. NORTON. To the contraction of the currency, of course. A contraction of the currency brings about a reduction of prices.

The CHAIRMAN. The great fire in Chicago, of course, had a large effect on the depression of real estate in this city?

Mr. NORTON. I do not think that it had. Real estate here has improved more since the fire. There are better buildings here now than there were then. I do not know why the fire should produce a depreciation in real estate particularly. I think that on the whole the city has been benefited by the fire.

The CHAIRMAN. Still the shrinkage in real estate has been large?

Mr. NORTON. Yes; but I do not know that it has been any larger here than it has been in New York, Boston, and other large cities.

The CHAIRMAN. And your idea is to provide for the misfortunes of the past, and for the difficulties of the present, by increasing the volume of currency by a direct issue of what—greenbacks or national bank notes?

Mr. NORTON. I should prefer greenbacks. I do not know why the government should not receive the benefit of a forced loan on the public rather than private corporations.

Mr. COWGILL. Did I understand you to say that the city had been benefited by the fire?

Mr. NORTON. That is my private judgment. We have had better buildings here than we had before the fire, and I think that the city is richer in material wealth than it was before the fire.

Mr. COWGILL. Would you suggest as one of the remedies for the present depression to apply the torch to the city again?

Mr. NORTON. If a man should come to me with his arguments about over-production, as men often do, I could not suggest anything else than that. I think that the remedy would be equivalent to the disease.

Views of Mr. T. W. Baxter.

Mr. T. W. BAXTER came before the committee and stated that he had been requested by Mr. Banning to appear here. In reply to preliminary questions he said: "I am the manager of the Elgin National Watch Company. Our factory is at Elgin, and our principal office is at Chicago. We employ about 850 persons, about one-half of whom are females.

Mr. SHERWIN. What is the state of trade in your manufactory as compared with other times?

Mr. BAXTER. So far as quantity is concerned, it is very prosperous, but the prices of the article are very much lower. We are manufacturing watch movements.

Mr. SHERWIN. How does the volume of business compare now with that of previous years?

Mr. BAXTER. As compared with three years ago, it is only as four to one.

Mr. SHERWIN. And what are the prospects for the future?

Mr. BAXTER. The prospects for the future are such as to lead us to believe that our principal difficulty will be the supply of the article rather than the sale of it.

Mr. SHERWIN. Has there been any difficulty or complaint in your manufacture in regard to the depression in labor?

Mr. BAXTER. I cannot say that there has not been, from the fact that in order to produce the goods at a price at which they could be sold, it was necessary for us to reduce the wages. But we discovered this to be a fact, that while there was a large increase in the amount of labor furnished (as we do a large portion of our work by the job), there has been a very slight decrease in the wages earned by the operatives.

Mr. SHERWIN. What would be the value of the wages obtained now compared with the value of the wages obtained three or four or five years ago, so far as your factory is concerned?

Mr. BAXTER. Our operators on the average have had their wages diminished about 10 per cent. within three years—the wages earned. I make a distinction now between wages earned and the work accomplished We have what we call our fiscal year in the company, which expires on the 1st of May, and the figures are fresh in my mind.

Mr. SHERWIN. Comparing the purchasing power of the value of the wages at present with that of the wages three years ago, how do they compare?

Mr. BAXTER. With the dollar as it stood three years ago, and the dollar as it stands to-day, there has been a reduction of ten per cent. in wages.

Mr. SHERWIN. Are you acquainted with the general business of the city?

Mr. BAXTER. I think that that would be perhaps too much for me to say. I have some general knowledge of business from my intercourse with others.

Mr. SHERWIN. Are you acquainted with the laboring classes so as to form any judgment as to their condition at present, compared with that of a few years back?

Mr. BAXTER. I do not know that I have a right to say that I can form a judgment. Still I suppose I have a judgment in the matter from my general knowledge, and from my intercouse with others.

Mr. SHERWIN. What would you state to be the general condition of business in this city now?

Mr. BAXTER. I should state that, as a whole, and as compared with other places, it is very prosperous—not but that there is want, and that there are men unemployed, but I think that, compared with other cities (especially the cities of large size), I should say that our condition in Chicago is very prosperous.

Mr. SHERWIN. Do you know of anything that can be done in the way of legislation to enhance the prosperity of this city, or the prosperity of the laboring men?

Mr. BAXTER. That is a pretty broad question, and I do not know that I would be prepared to answer it without reflection. Nothing occurs to me now in the way of legislation merely.

Mr. SHERWIN. In the matter of currency, is there anything which you think needs legislative action?

Mr. BAXTER. So far as my personal judgment goes I should say not. The best evidence that we have money enough in circulation is the cheapness of it. I think that there is money enough, but that the great want is collaterals.

The CHAIRMAN. There is not much difference, is there?

Mr. BAXTER. The man who needs the money, and who has not the collaterals, discovers that there is a very material difference.

The CHAIRMAN. What was the average number of the men employed by you in 1873 and for the five years succeeding?

Mr. BAXTER. I do not know that I can give you the average number of persons employed by me previous to 1876, which was the time I commenced my service with the Elgin Watch Company; but I should say that the average was from 400 to 440.

Mr. SHERWIN. About half the number that you have employed now?

Mr. BAXTER. It is possible that I may overstate it a little, but I am not far out of the way.

Mr. SHERWIN. The general prices of wages were the same then as they are now, were they?

Mr. BAXTER. No; previously to 1876 wages were from 20 to 25 per cent. higher than they are now.

Mr. SHERWIN. For the three years succeeding that period, what has been your average number of employés?

Mr. BAXTER. Our average number for the three years taken as a whole, I should say, has been about 700.

Mr. SHERWIN. How do your prices now compare with the prices of wages in 1876?

Mr. BAXTER. There has been a decrease of about 10 per cent. within the last three years as compared with the wages paid before that. But there was a decrease of from 20 to 25 per cent. within three or four years.

Mr. SHERWIN. Have you been obliged, in consequence of a failure

to sell all your production to reduce the number of your employés to any considerable extent?

Mr. BAXTER. No, sir; in order to meet competition in our business (mostly felt from the other side of the water, and to some extent domestic competition), it was necessary to increase the number of watches made, and to reduce the prices at which they could be sold, and this could only be accomplished by reducing the wages. In reducing wages we got an increased amount of labor for the same amount of wages, and we accomplished the same purpose. We have always made it a point never to reduce the wages more than was absolutely necessary. We employ largely by the job. Our aim is to employ as nearly as possible all in that way, but that, of course, cannot be accomplished.

Mr. SHERWIN. What would be the average per diem wages per man?

Mr. BAXTER. That will depend upon his industry.

Mr. SHERWIN. Do you ship watches to Europe?

Mr. BAXTER. We have done so. I am very happy to say that our orders do not hold out any inducements for us to do that to-day. We kept an office open in London for four years, and we had an agency in Moscow.

Mr. SHERWIN. Has that branch of your business been suspended?

Mr. BAXTER. Yes; we have closed our offices there.

Mr. SHERWIN. Is yours a branch of the great watch establishment in Massachusetts?

Mr. BAXTER. No, sir; ours is the Elgin Watch Company. The establishment in Waltham, Mass., is the American Watch Company, a separate institution.

Mr. SHERWIN. From your observations, you think that business affairs here are in a promising condition?

Mr. BAXTER. I should say so.

Mr. SHERWIN. And they promise to be in a better condition?

Mr BAXTER. Very much so.

Mr. SHERWIN. Notwithstanding they have been very much depressed within the last three years?

Mr. BAXTER. Yes.

Mr. SHERWIN. Your sales are largely in our own country?

Mr. BAXTER. Almost entirely.

Mr. SHERWIN. From your trade, can you form any judgment of the solvency of the people, or of their condition compared with what it was two or three years ago?

Mr. BAXTER. We deal only with the wholesale jewelers in the country, and I should say that while as a whole their capital may have been diminished, they are in a better business standing now than they were before. Many things were counted in their assets before which they have since discovered to be worthless, and these things have been carried to profit and loss, and have been regarded as worthless. Men know their actual condition more nearly than they did before. Therefore, I regard them as in a better business condition, while they might not suppose themselves to be worth as much money as before. They know more nearly their actual condition.

Mr. SHERWIN. That produces a confidence in the sellers?

Mr. BAXTER. That, of course, produces a confidence in the seller. Our idea has been that the best way to do was to sell goods at small profits and to get good cash for them, and therefore we offer large inducements for cash rather than extend our credit.

Mr. SHERWIN. In the matter of wages: Supposing that out of every

$120 of your sales formerly the laborer received $100, and that you have a profit of $20. How does your profit at present compare with that former profit? That is, what proportion now goes to the laborer and what proportion goes to the company?

Mr. BAXTER. I should say that our proportion now, as compared with formerly, is as 20 to 50. That would be a fair answer.

Mr. SHERWIN. And the labor receives more than it received formerly?

Mr. BAXTER. Very much more in comparison with the prices than we obtain. I mean that as compared with the prices that we obtain for the finished product the laborer gains a larger proportion of the amount than he previously did.

The CHAIRMAN. Have most of the jewelers in this city failed and become bankrupt?

Mr. BAXTER. That is a matter of hearsay on my part. There have been, I believe, but three such failures since I have been connected with the business in the last three and a half years. We have seventeen jewelers in this city with whom we deal.

The CHAIRMAN. And there have been three failures among them?

Mr. BAXTER. Yes.

The CHAIRMAN. With reference to the cause of your stopping shipment of goods to Europe, has that been because the demand here is greater for the article, or because the demand there is less for it?

Mr. BAXTER. Possibly from both causes. We found an increasing demand on the other for our goods when we offered the inducements that lay in our power for the sale of our goods in this country, and at a better profit than competition permitted us to get on the other side. I suppose that that arose partly from the competition between the American manufacturers of watches in England, the dealers there being willing to use our companies against each other in order to pull down prices, and of course there is a certain amount of feeling on the part of those representing companies to effect sales, all of which had a tendency to lower prices.

The CHAIRMAN. Then it was not from a want of merit that the demand abroad ceased?

Mr. BAXTER. No, sir; it was simply an idea which the American manufacturers had to attempt sales in the English market, and the manufacturers on the other side threw all the obstacles in our way by intimidating the case-makers, and the dealers in the article were only too glad to use the American companies against each other and lower the prices.

The CHAIRMAN. Does the Waltham establishment continue to ship watches abroad?

Mr. BAXTER. I understand that it does. I understand that their London office is open yet.

Mr. SHERWIN. How many other watch-works manufactories are there in this country?

Mr. BAXTER. There are six altogether, I think.

Mr. SHERWIN. Where are they located?

Mr. BAXTER. There is the American Watch Company, at Waltham, Mass.; Illinois Watch Company, at Springfield; the Rockford Watch Company, at Rockford, Ill.; the Hampton Company, of Springfield, Mass.; the Lancaster Watch Company, at Lancaster, Pa.; and the Elgin Watch Company, at Chicago.

Mr. SHERWIN. Has your attention as a manufacturer been called in any way to the question of the hours of labor?

Mr. BAXTER. Yes; that is a matter of which I have thought a good

deal. It has been necessary for me to do so in connection with my business.

Mr. SHERWIN. State your opinion as to the feasibility of the reduction of the hours of labor to eight hours, and as to the effect of such reduction, supposing it to be made.

Mr. BAXTER. That might, perhaps, be largely covered by the character of the labor. As far as general labor is concerned, I do not believe that it is feasible, or that it could be enforced. Neither do I believe that a large proportion of the working people desire it.

The CHAIRMAN. You mean by that the unskilled labor?

Mr. BAXTER. I mean the intelligent labor—the best class of labor throughout the country. There is a great distinction between skilled labor and the labor of men who are skilled at what they are employed at. That distinction must be observed. What I understand a skilled laborer to be is a man who is an expert in his line of business, who is an expert at one particular calling. You speak of a machinist as a skilled mechanic. I should make a strong difference between that and a skilled laborer whose business it was to be employed on one piece.

Mr. SHERWIN. What kind of business would be most likely to feel a reduction of the hours of labor?

Mr. BAXTER. I think the class that might be termed operatives, rather than mechanics.

The CHAIRMAN. You mean outdoor labor?

Mr. BAXTER. Not necessarily outdoor labor. There are operatives in factories ndoors as well as laborers outdoors. A man may be very expert and useful and very intelligent, but from force of circumstances is compelled, perhaps, to work at one particular portion of a business, and I make a strong distinction between that and the man who is skilled in that branch of business generally.

Mr. SHERWIN. A good deal has been said before the committee by representatives of labor organizations in regard to the hours of labor, they claiming that it would be for the benefit of labor generally to reduce the hours of labor to eight, mainly on account of the strong competition in the labor market, which it is claimed has the effect to deprive the laboring man of the work which he otherwise would have. Please state your views on that question.

Mr. BAXTER. In the first place, I do not believe a reduction of the hours of labor feasible; I do not see how it can be accomplished; it does not seem to me as though legislation could be carried to the extent of saying during what portion of the twenty-four hours I may be allowed to use my property. Supposing I take a building and fill it with machinery, costing $100,000, and base my calculations on the use of that machinery for ten hours a day, and supposing it is only from the use of it for ten hours a day that I can get any return from the capital invested, would it not be rather a hardship on me for the law to say that, even although I can find men willing to work ten hours a day, I shall not be permitted to employ them that length of time. Is that within the scope of legislation? It is perfectly competent for a man whom I want to employ to say that he will not work over eight hours a day, but I do not think that it is competent for legislation to say that I shall not employ a man to work over eight hours. It is perfectly competent, perhaps, for the legislature to pass a law by which, in the absence of contract, eight hours shall constitute a day's labor, but I do not think that legislation can fix a plan by which you can be deprived of the right of hiring a man by the hour, and agreeing with him how many hours' labor he shall do for me.

The CHAIRMAN. There never has been an effort of that kind. The eight-hour law that was passed by Congress was a law to fix a day's work at eight hours; not to prohibit a man extending his work beyond that time.

Mr. BAXTER. It seems to me that there is where the difficulty arises between workingmen and employers in not understanding each other. That is one of the difficulties under which we have to work in this country to-day. It is the want of confidence between the various interests. I think that if business men understood each other better, and had more confidence in each other's word, and in our carrying out what we undertook to carry out by the contract, we would be relieved of a great many of those difficulties under which we now labor; and I think that that would be the means of increasing the wages which we are permitted to pay to the laboring classes. The facts are that the laboring classes are obliged to work for lower wages by reason of competition. That competition is brought about among the principals. That competition among the principals arises from one man endeavoring to gain an advantage over the other man, and not carrying out honestly the intent of the contract. So far as my experience goes, I think that among the manufacturers there is a strong disposition to pay to the laboring class all the wages that they can afford to pay. And I think that the results of this committee's labors here will show it, that capital invested in manufacturing business to-day is not by any means profitable. You will find that the actual value of the capital invested in manufactories to-day does not yield anything like a sufficient return, notwithstanding the reduction in the wages of labor. If the laboring classes and the capitalists had a better understanding with each other, each believing that the other was doing the best he could under the circumstances, there would be a better state of feeling on the part of the laboring classes.

Mr. SHERWIN. Have you any method to suggest by which that understanding can be facilitated?

Mr. BAXTER. I think that the eight-hour law is subject to a good deal of question. I think it is very questionable whether the government is doing the best thing it can for the laboring classes in endeavoring to make the government employés, in that sense, a favored class. There is the difficulty. There is no workman in the vicinity of the government works who will not feel more or less jealous of a man in the employment of the government being able to gain the same wages for a day's work of eight hours as the workman outside gets for a day's work of ten hours. Those who passed the law had, no doubt, a good object in view, but that is the practical working of it. It is impossible for a man engaged in business who has the capital invested, and who has to compete with others, to carry on business under the eight-hour law, while his competitors work their men for ten hours. But if there was that hearty feeling between the employer and the employed that there ought to be, and as much attention paid to the consideration of the subject as there should be, there would be no question but that the capitalist is just as much dependent on the laborer as the laborer is upon the capitalist; there would be a community of feeling between the two classes; they would understand each other, and the old times would be revived when the employer used to take a personal interest in those who worked for him.

The CHAIRMAN. That is what is called socialism?

Mr. BAXTER. No, sir; I beg pardon. There is a great deal of difference between socialism and social feeling.

The CHAIRMAN. But this comity of relation between the employer and the employed approaches socialism?

Mr. BAXTER. Yes. But it makes a striking difference whether you base it upon intelligence or demagogism.

The CHAIRMAN. We are not to assume that demagogues belong to the class of men who handle a pick and shovel?

Mr. BAXTER. Not by any means. Being a workman myself, I have great respect for the workingman. But that is one of the difficulties which we have to encounter to-day. We have a large number of manufacturing establishments that are conducted by men who are not practical men. I think that a majority of the successful manufacturing concerns are controlled, at least to some extent, by men who have had some experience in managing men, and who have gained that experience by working and mixing with men. That is one of the essential requirements of success. Men who try to manage a manufacturing business in an arbitrary way will never manage it successfully. But when men begin to understand that those who have the conduct of the business have their interests at heart as well as the interests which they represent, there will be a better feeling on both sides. The misfortune, however, is that there are too many people trying to make workmen believe that there is no community of feeling between them and the employers, and that they are at swords' points with one another. That is not true. A large proportion of the manufacturing establishments in this country to-day are simply the outgrowth of the demands of the country when almost everybody made money readily. The result of that state of things was that many men became unexpectedly possessed of wealth. They had more money than they needed. They wanted to add to their social position; they subscribed to the stock of this, that, and the other manufacturing concern, the business of which they knew nothing about, and they were made representative men in the various companies in which they owned stock. The result was that their friends were put into offices, and that there was not the same attention paid to the fitness for their offices as there ought to have been, so that many of these establishments have been unsuccessful by reason of the want of management, rather than by reason of want of merit.

The CHAIRMAN. You say that you have been a laboring man?

Mr. BAXTER. I have been. I was a machinist.

The CHAIRMAN. In your judgment, having had ample experience, is eight hours' labor as much as ought to be required of a man who works in employment involving had labor? Is it not as much as the constitution would endure?

Mr. BAXTER. I worked in machine shops in the days when there was not as much labor-saving machinery as there is now, and I do not think that I ever suffered badly from working ten hours a day.

The CHAIRMAN. As a general rule, is not eight hours a day all that ought to be required of men who perform hard service or of men who are exposed to the weather?

Mr. BAXTER. I should say not. That would be my judgment about it.

The CHAIRMAN. You think that men's constitutions can endure more labor just as well?

Mr. BAXTER. So far as that is concerned, I think that men's constitutions will finally discover the places for which they are best fitted. I might be put in a condition where it would be necessary for me to earn my living by endeavoring to dig, and perhaps my constitution would show me that I was not capable of doing that work, and that I might be better fitted for something else. It does not necessarily follow that a

man who is better fitted for digging than I am would be also fitted to do the work for which I am adapted.

The CHAIRMAN. As a general rule, do you not think that it would be best in the economy of the nation for men to work by the piece, where that can be done, rather than by the day or by the hour? That system gives the man who is employed an opportunity to govern his own time according to his own ability to perform labor?

Mr. BAXTER. In one sense, yes; in another, no. If I leave it to a man to do the job, it depends upon his own industry as to the amount of work he will perform in a given time. You give a man so much a day on account of his faithfulness, but you give a man so much by the job on account of his industry.

So far as the eight-hour law is concerned, if it were a general law throughout the country and could be made effective, it would be an equal thing so far as this country is concerned. But, on the other hand, you must see at once that such a law would do injustice to the man who has his capital invested, and who finds that under an eight-hour law he cannot compete with foreign manufacturers whose men work for ten hours or twelve hours. I do not mean to say that you shall not allow a man to work under the eight-hour rule if he can find a corporation who is willing to employ him under that rule. Corporations that are protected by a patent or by any other monopoly may do so and not feel the effects of competition. But when a man is engaged in a legitimate business that is open to competition, the one whose men work for eight hours cannot compete successfully with the other whose men work for ten hours. I have made the distinction in our own case as to the difference between a reduction of wages and the increased amount of labor performed by each person. It is immaterial to us when we accomplish our result, which is the production of a large amount of work for less money (which was a necessity for us in order to make our products sell). Now you will see that every time a reduction in wages has been made (I mean in the price paid for each particular job), the value of every inch of that factory and of every bit of machinery is increased and the property is made so much the more valuable without any hardship being done to the men. It is one of those questions fraught with so much difficulty that unless a man meets it in a fair and square spirit he is liable to go very far astray. I do not know of any other way that it can be done than by men honestly endeavoring to reach a proper result, acting together and having confidence in one another.

The CHAIRMAN. There you come back to socialism again.

Mr. BAXTER. That is not the name that I would call it by.

Mr. SHERWIN. Have you any views as to the effect of improved machinery on the laboring classes?

Mr. BAXTER. That is a very delicate question to handle, and it is a question which requires a good deal of time for one to express an intelligent opinion upon, because it is so important a question. In the first place you have to take into consideration that which you cannot avert, and in the next place you have to endeavor to remedy the difficulty. There is no use in a man endeavoring to deny that when a machine is invented which takes the place of skilled labor, the men whom it displaces are obliged to seek other employments. I would like the committee to take notice of the fact that no provision is made under this government for the education of mechanics. That fact, I think, comes well under the jurisdiction of this committee. We have a few adjuncts to the agricultural colleges, but in nearly all the States these institutions have been absorbed by agriculture to a large extent and the mechanical depart-

ments have been neglected. There may be a few exceptions to the rule, but as a rule there is no provision made by this government for educating mechanics. We have the Institute of Technology in Boston, a school in Troy and Worcester; but, taking the country as a whole, we have no provision made for producing intelligent mechanics. In the first place, we have no apprentice law, which would need to be a national law. There is no object in my undertaking to educate a boy at my shop in Illinois if after a year he can run into Indiana and if I cannot bring him back; so that I say we have no means by which we are able to make mechanics. There is no inducement for an employer to try to educate a boy. And on the other hand there may be an employer who will take a boy as an apprentice and who will work him at what may prove to be profitable to the employer but not to the boy. It is simply when a boy has a genius of his own that he makes an advance in mechanical pursuits. It is not by the aid of the employer. Now, in regard to labor-saving machines; their beneficial effect is open to question. One man may say that their introduction has not a good effect because it displaces skilled labor. Now, what is going to be the result? I do not know any other result than for every man to endeavor to be himself the man who will produce the machine, and for every man to endeavor to be thrifty and industrious so as to be able to avail himself of such advantages as are presented to that class of men. A man will make more money in the end by endeavoring to improve himself than he will make by going around endeavoring to make people believe that no one ought to be asked to work for more than eight hours.

Mr. SHERWIN. Have you any idea to suggest as to the manner of making mechanics?

Mr. BAXTER. I should be glad to see the general government have carried out in good faith what was originally intended in the agricultural colleges laws. I understand that the grant made by Congress was originally intended to be for the benefit of agriculture, and of the mechanical arts. If the theory advanced by agriculture is true, that the agricultural colleges should be placed where they are surrounded by farms, then it must be equally true that the mechanical colleges should be placed where they are surrounded by workshops.

The CHAIRMAN. I suppose it would be impossible to gather half the crops of this country without the use of the mower and reaper.

Mr. BAXTER. Undoubtedly that is true; but if we had not the mower and reaper we would require to have more people working on the farms.

Mr. COWGILL. If we had not the mower and reaper we would not plant so much.

Mr. BAXTER. No; because it would not pay us to do so. Now we are able to feed the world with our surplus product of grain. I come right back to this, that if there was a more intelligent understanding between the employer and the employed we would get rid of a great many of those difficulties, and would frown down dishonorable business men. I believe that that is the idea which covers more ground than any other.

Mr. SHERWIN. A good deal of the evidence given here has gone upon the hypothesis that there is almost a deadly antagonism between capital and labor.

Mr. BAXTER. So there is.

Mr. SHERWIN. An inherent one. Now, if you can suggest some method by which that understanding can be arrived at we shall be happy to hear you.

Mr. BAXTER. I have nothing further to say.

Views of Mr. A. R. Parsons.

Mr. A. R. PARSONS came before the committee as a volunteer witness. He stated, in reply to preliminary questions, that he is a resident of Chicago; has lived here six years, and is a printer by trade.

The CHAIRMAN. What branch of industry do you represent before the committee?

Mr. PARSONS. I am an active member of nearly every industrial or trade organization in this city.

The CHAIRMAN. Assuming it to be a fact that there is a great depression in the industries and labor of the country, what, in your judgment, has been the cause of it, and what is the remedy for it?

Mr. PARSONS. I have an idea as to what has produced our immediate depression. Panics are of usual periodical occurrence every ten years, and the panic of 1873 was only postponed in consequence of the war. Just about the time that the war broke out in this country we were on the eve of a commercial panic, but the war interrupted the natural progress of commerce, and at once there was a demand for a million and a half of men to become soldiers.

This demand was made by the Government of the United States, and the government undertook to feed and clothe this vast army of men. In order to do that the government had to become employer, and to furnish itself with capital. It did so by means of greenbacks. The vacuum created by the withdrawal of a million and a half of men from the industrial field created a demand for labor among those who were left, and consequently an increase in the rate of wages took place. The value of labor was increased. This went on, and wages continued to go up until the war closed. The working classes improved their condition in many respects. Many of them not only increased their wages, but also reduced their working time. At the end of the war, when the men who were not killed or destroyed by disease returned home, fully a million of them at once, they were poor. They began by degrees to compete for the opportunity to work with those who had remained at home.

This competition at first was very gradual. But by degrees, as the necessities of the men became greater, the competition became more intense, and the result was that work could only be procured by the unemployed on condition that they would do it at a cheaper rate than it was then being done. This brought on strikes; it brought on conflict between capital and labor. Of course when a reduction of wages took place amounting to 10 per cent., there was a reduction of expenses amounting to 10 per cent., and there was a reduction of consumption equal to 10 per cent. Of course if there is less consumed there should be less produced. Business began to feel this reduction of consumption, and we began to hear of bankruptcy. Men were unable to keep up their enterprises in speculations. The hopes of the Northern Pacific Railroad Company were not realized; business was on the downward grade; wages were decreasing, and the volume of business was being contracted; the people were buying and were consuming less. And the result was the failure of Jay Cooke's bank. That one great fact started the ball rolling, and produced the financial panic of 1873. Everybody knows the rest. It is unnecessary to go over it. The same story has been repeated throughout from that time to this.

The CHAIRMAN. You mean that things from that period have been growing worse?

Mr. PARSONS. They have been growing worse continually until wages have got to a point in this country where (as Mr. Hewitt informed Professor Sumner), in regard to those articles that we manufacture in common with other countries, the labor engaged in their manufacture is obtained at a less cost here than in the countries with which we have to compete. When that took place, and it took place two years ago in this country, we began to ship cotton cloth to England, and many other products that we are selling in foreign countries. This country began to take a little trade from abroad. The balance of trade (as commercial men call it), was in favor of the United States. The result is that we see strikes through England, Germany, and Belgium, and the merchants and manufacturers of those countries are forcing down wages in order to recover their lost trade, which has been captured by the low-paid labor of the United States. This thing is going on as the last witness, Mr. Baxter, has stated. He stated the fact, as a commercial man, that competition regulates wages, or rather that it is an element in the regulation of wages; at any rate that it regulates the hours of labor. Of course the standard of living which a workingman thinks he must have (including the kind of clothes that his children must wear, and the kind of society that his family must mingle with, and consequently what kind of a house he must live in), has something to do with the regulation of wages, so far as the workingman is concerned. I would like to call the attention of the committee to some statements made by Mr. Baxter. He represents the side of the employing classes, and he represents it very ably and fairly too. He states that business is prosperous in the Elgin watch factory, but that prices are low. I think it is fair to state that the operations of trade in the Elgin watch factory are simply a sample of the whole machinery of industry, and the same things that you see in operation there, aside from some small indifferent local matters, you would witness throughout the whole industrial system. You would see the same causes and the same effects. Business is prosperous but prices are low. That is certainly a strange statement coming from a manufacturer. How can business be prosperous if prices are low? Does not the prosperity of business depend upon the prices derived from it? I understand him to mean by that that the business is increased beyond what it was four years ago, and that its prosperity consists in that fact. He states, however, that they had to reduce wages in order to sell goods. Before the panic they were able to sell their goods. Wages were high and business was not depressed. How do you reconcile this? When wages were high he could sell his goods; but now he finds that he cannot sell his goods and that he must reduce wages. That is argument made by manufacturers generally.

The CHAIRMAN. He sells his goods at a profit, but their prices are reduced.

Mr. PARSONS. He stated that he had to reduce wages, in order to sell his goods. If that is true, then, when times were good and wages are high, he has no such cause. He states that the wages of his employés have been reduced practically ten per cent., but he fails to state to the committee that four years ago his men worked only eight hours a day, and that they now work ten. And he claims that in consequence of their working two hours a day more they get a little more pay. The wages are practically reduced about ten per cent. I am so informed by those in his employment. The difference between eight hours and ten hours is very important. As a manufacturer, he ignores those two hours extra labor which he practically gets for nothing. He gets two hours more in the day every day for nothing out of some 850 working men and

women. Now if you multiply 850 by two hours a day, you will find that that labor amounts to a considerable sum of money.

The CHAIRMAN. He says that his men are generally working by the piece.

Mr. PARSONS. But he stated also that it made no difference whether they worked by the piece or by the day—that competition and the demand for labor regulate the price of labor. But notwithstanding the fact that the employés in the Elgin watch factory work ten hours a day now, where they formerly worked only eight, they get ten per cent. less wages. Foreign competition, he says, forced them to reduce their wages, and he claims that by means of this reduction of wages, the American watch manufacturers have captured the market in this country and have driven out foreign competitors. As a workingman I want to state that that has been done at the expense of the working classes—at the reduction of their life standard. They have had to move from six-room house to four-room houses; they have had less to eat, less to wear, and less of the comforts of life in order that the domestic manufacturer might drive out by cheap labor manufactured goods of foreign countries. Mr Baxter was asked as to the question of reducing the hours of labor. He says that the eight-hour system is not feasible; that if we adopt such a law it cannot be enforced, and that the workingmen themselves do not want it. I guess that workingmen ought to be allowed to speak for themselves in that matter, and to say whether they want it or not. How can he say that the workingmen do not want their hours of labor reduced to eight, when on the one hundred and third anniversary of this American Republic (the last Fourth of July), the wage-workers of this country, met in nearly every large city in the United States and proclaimed their demand for a reduction of the hours of labor to eight? How can he say so, when a reduction of the hours of labor is demanded by a greater portion of the trades-unions in the United States—the organized wage-workers of this country? and yet we are informed this morning, by a representative of the manufacturing class, that the workmen do not want a reduction of the hours of labor?

Mr. COWGILL. Do you mean that the laborer shall be paid the same price for eight hours' work as he should receive for ten hours' work, or do you mean something else?

Mr. PARSONS. If you have no objections I will answer that question as soon as I get through my discussion as to the feasibility of the law. We do not claim that the United States Congress can pass a law reducing the hours of labor to eight, and can enforce it. We do not claim that in regard to private industry and manufacturing interests. Therefore, when Mr. Baxter says that it is not feasible, he is talking about something which workingmen do not demand, and he is simply trying to place us in a ridiculous attitude, as demanding something that is nonsensical. But we do claim that the United States Government can pass an eight-hour law, so far as its own jurisdiction is concerned, and to make it extend to all contracts, and all patents issued by it, and to all corporations chartered by it or having special privileges from it. We claim that Congress (and I do not suppose that any member of the committee will deny it) can pass a law regulating the hours of labor, in all institutions and industries over which the United States Government has any control, either directly or indirectly.

Mr. COWGILL. You mean that where the United States Government is one of the contracting parties it may make a bargain of the sort?

Mr. PARSONS. Yes.

Mr. COWGILL. You do not mean to extend it beyond that, I presume?

Mr. PARSONS. Not so far as the United States Government is concerned.

Mr. COWGILL. Do you mean to say that any government could extend it beyond that?

Mr. PARSONS. The State government, of course, can do it with reference to the matter what the United States Government cannot do in cases where the State is the contractor.

Mr. COWGILL. Do I understand you to argue that the State can make a law that I shall not labor ten hours a day for my employer if I think proper to do so, or that my employer must refuse to make a bargain with me for eight hours a day labor?

Mr. PARSONS. I do not mean to say that.

Mr. COWGILL. In other words, can the State control private contracts between individuals?

Mr. PARSONS. It cannot under the Constitution as it exists. If you were to ask me the direct question what the State can do, I tell you that the State can do everything and anything.

The CHAIRMAN. Through its constitution?

Mr. PARSONS. It can change or abolish its constitution, and can set up a monarchy or a republic when it gets ready to do so. With regard to the feasibility of this law, Congress has the power, under the Constitution, to pass it. We ask it; we demand it, and we intend to have it. If the present Congress will not give it to us we will send men to Congress who will give it to us. What we want is, not to establish an aristocracy of labor, as was intimated by Mr. Baxter, who said that it would be unfair to give a special class the benefit of short hours. This manufacturer admitted in that remark that it was a benefit to have short hours of labor, and that the men who have them would be a privileged class of employés. We know that so far as legislation is concerned Congress is the fountain-head, the highest authority, and we went to work to get Congress to pass an eight-hour law, knowing that the example would be followed by States and by municipalities, and will become a custom of society. Eight hours' labor will, through that process, constitute a day's work, and will become, not, perhaps, a statutory law, but the common law of the community, just as ten hours' labor now is the common law. Ten hours' labor is the ———, not under any statutory enactment, but because it is the custom of society.

You see that an eight-hour law is feasible so far as Congress has jurisdiction, and I have stated to you some of the reasons why we want the hours of labor reduced. Mr. Baxter states that he does not believe that ten hours' work is injurious to the working classes, either mentally, physically, morally, or pecuniarily. Right here is where the working classes take issue with the manufacturers. Aside from any questions of capital or labor, we, as working people, know that it is morally, physically, intellectually, and pecuniarily injurious to us as a class to work for more than eight hours a day the year round. Hours of labor represent all that there is in the artificial wealth of the world. Of course land is wealth, but it has a sham value because it is not the result of labor. Land is not created by labor, but by nature. All visible wealth, however, all created wealth, is the result of labor and represents precisely so many hours' labor. Therefore, in this labor question, the fight is narrowed down (because it is a fight) as to which class is going to get the benefit of these hours of labor—the employer or the employed. The eight-hour league, and the trades unions, and the other organizations of the country that are making this demand do not propose thereby to

paralyze industry. They do not propose to bring an industrial confusion or a state of anarchy, or to precipitate revolution in this country. We are peaceable citizens, husbands, fathers. We are citizens of the State and law-abiding men. When we are charged with being incendiaries, when we are charged with being conspirators, violators of the law and incited to rebellion, it only needs to see from whom these charges emanate in order to be able to get a fair idea as to how much weight should be attached to them. Charges of this character are merely an effort on the part of those who are trying to prevent us from improving our condition. The working classes simply seek to improve their condition. This is a natural feeling, and I cannot say that there is anything unnecessarily seditious or criminal in such a desire. We simply want less work and more pay, knowing that only through short hours and high wages can our condition be improved. We know this, and hence we struggle for it. We wish to get at it by degrees. We wish to affiliate whatever is good in society by the process of attraction, and the first thing that we demand is a measure that will diminish the immediate power of wealth, and will remove the worst forms of poverty. The immediate power of wealth consists in this power to enforce men to submit to the terms dictated by wealth, out of which men will perform a day's labor. That is the immediate power of wealth. This is an evil which should be removed, and we want to remove the worst disability of poverty by reducing the hours of labor; by the distributing of work that is to be done more equally among the workingmen, and consequently reducing the competition among the workingmen themselves for the opportunity to work. By making labor scarce we will increase its value, because wherever there is a scarcity of an article in the market (and labor is the chief necessary of life) in proportion to its scarcity the demand will increase and the price will increase with the demand. I believe that that will be the result, first of the action of Congress and then of the action of the States. But not until the working people of the United States, through their trades and labor unions, meet in national conclave or in labor congress and there decide that the hours of labor must be regulated, will it be done. Not until then will it be done and become an absolute custom of society. I think that the laboring men of this country—the organized working people of the country—should consider this matter as soon as possible.

Mr. COWGILL. I object to the statement of the witness, because if the remedy for the depression of labor can only be obtained through the means he speaks of, it is not likely to be obtained through Congress. To use his own words, it will not be obtained through Congress, and therefore we have nothing whatever to do with it.

The CHAIRMAN. We have the right to take the statement of the witness as to the propriety of an eight hour law. (To the witness.) What else have you to say on the subject?

Mr. PARSONS. I wish to offer to the committee a set of resolutions emanating from the eight-hour league, embodying the sentiment of the trades unions of the United States, which are demanding the reduction of the day's labor to eight hours. I wish to submit these resolutions as setting forth the views of that class of men:

Resolved, That the first great event which ever occurred in the progress of industry, was a division of labor; that the progress which divides human labor is the fact that distinguishes the most of mankind from savages; that in a division of labor, the expenditures of one laborer furnish employment or days' works for other laborers; that days' works or employment can be increased by increasing expenditures; that the expenditures or outgoes of the laborer can only be increased by increasing his wages or come; that employment for the unemployed can only come from the larger incomes

and outgoes of those who are employed; and that the only way by which the income of wage-laborers can ever be permanently increased, without reducing its purchasing power or increasing the cost of production, is through a reduction of the hours of daily labor.

Resolved, That American prosperity never can develop into healthy and permanent conditions by increasing exports or decreasing imports; that if foreign productions pay for the larger exports, instead of foreign money, such payment must either be distributed to actual consumers, many of whom may be laborers, or be exported. But if larger exports are paid for in foreign money instead of foreign goods, such payments are far more likely to enrich American capitalists than to increase the comforts of American laborers.

Resolved, That the extraordinary increase of American exports within two or three years should be regarded with profound mortification, because they are the disgraceful result of the decreased earnings and increased poverty necessary for American laborers to undersell, discharge, and make paupers of European laborers. And the lower wages at home, necessary to capture *foreign* employments, are the lower wages necessary to destroy *home* employments.

Resolved, That the congratulations unblushingly indulged by American statesmanship over our increasing exports are sufficient evidence that it fails to comprehend the almost infinite difference between capturing the world's employments through competition, and creating new employments through a higher civilization.

Resolved, That within the last quarter of a century so few new occupations, comparatively, have been created, and so many old occupations have been destroyed by improved methods of production, that the discharged laborers of Europe and the United States cannot now obtain sufficient employment from the trade and commerce of all the outside world; especially when to the idleness now existing is added the idleness that ought to exist, if all the non-productive and destructive avocations were blotted out of existence, and those who follow them were also discharged.

Resolved, That to laborers not enslaved by positive law, the most deadly thing that can ever occur is enforced idleness; that idle hands are at the root of all bankruptcy and financial ruin; and that whether idleness increases or decreases is the most important knowledge industrial statistics can now reveal. Because the increase or decrease of idle men decides whether a financial storm is coming or going: therefore,

Resolved, That hand in hand for the great movement of eight hours must be a weekly or a frequent census and report of the world's unemployed; that eight hours or less hours will create days' works: and how many days' works must be created will be revealed when the statistics of idleness are sufficiently thorough and extended to cover the whole civilized world.

Resolved, That these two measures are not American or English or German or French, but they belong to the political economy which begins with the idea that "Our country is the world, and our countrymen are all mankind." And for their final vindication we confidently appeal to the better educated public opinion of the civilized world.

I have also here a statement taken from the report made to the Michigan legislature of 1878 by the Michigan State board of charitable and penal institutions. It is as follows:

There is a prevalent opinion that tramps, *all of them*, while professedly seeking work, are really endeavoring to escape it. This may be true as a *general rule*, and doubtless is, of the predatory class, but it is subject to so many exceptions on the whole that the charitably disposed cannot safely adopt it without consideration in each case. Instance this:

The house of correction in Detroit is a *penitentiary*; in fact, in some respects, a State prison. Its discipline is as severe, and its labor harder, and its fare no better than the prisoners get at Jackson. It has a milder name, that is all. About four hundred tramps annually *voluntarily* plead guilty to vagrancy, and get themselves committed to prison for terms of thirty, sixty, and ninety days to this prison. They thus voluntarily put themselves to *hard labor*, the same as that to which they would be sentenced if guilty of grave offenses. Their only object is food and shelter, which they have failed to find outside. The majority of these could find admittance to the almshouse at Wayne, where they would be comfortably supported during the winter without labor, but they prefer labor to idleness. These constitute four hundred exceptions, in one city, to the general rule above referred to, and serves to commend the whole subject to thoughtful consideration. A large portion of the four hundred persons have been guilty of little more than improvidence, often accompanied by intemperance, exhausting the summer's saving before midwinter. Others are even innocent of these faults, and the scanty income that has barely served at best of times has, for some reason, failed entirely. Whatever the fault or misfortune, it is evident that aversion to work does not characterize them.

I have also a statement which I was requested to hand to the committee in reply to a statement made a few days ago by Mr. Gage, and Mr. Randolph, secretary of the board of trade, in regard to the price of labor paid by the city.

The CHAIRMAN. State what the price of labor paid by the city is.

Mr. PARSONS. I put myself to the trouble to find out. When I heard Mr. Gage's and Mr. Randolph's statements I did not believe that they were correct, and sent to the foreman of the first gang of men whom I met working on the streets, and asked them what wages they were getting. I told him that a statement had been made before this committee that they were getting $1.50 a day. He said that that was not so, that the men were getting but a dollar a day, and that that dollar a day was paid in scrip.

The CHAIRMAN. Payable when?

SOME PERSONS IN THE ROOM. Never.

Mr. PARSONS. That scrip is sold by the men for 95 cents on the dollar. The city of Chicago owes two months' wages to day to its laboring men. I have here a communication from one of the city laborers, which I will read to the committee.

The communication was read as follows:

CHICAGO, *July* 29, 1879.

To the Congressional committee now in session at Chicago:

I notice a statement made before your committee on yesterday by some members of the board of trade and some bankers of this city that the city paid its laborers $1.50 per day. I desire to state to you that this is not true, as the city only pays its laborers $1 per day, and not in cash, but in scrip, which we are obliged to sell to these same bankers when we get it, for ninety-five cents. The city now owes all its street laborers for two months' wages.

Very respectfully,

WILLIAM AHERN,
A City Laborer.

Mr. SHERWIN. You say that the effect of an eight-hour law would be to raise wages?

Mr. PARSONS. It would increase wages.

Mr. SHERWIN. Then would it not increase the prices of all articles produced.

Mr. PARSONS. Not necessarily.

Mr. SHERWIN. Do not wages enter into the prices of all products?

Mr. PARSONS. If the hours of labor were universal the advance in the price of commodities would be very slight.

Mr. SHERWIN. If it was so all through the United States it would raise the prices of all commodities.

Mr. PARSONS. Very slightly. Perhaps there might be a five per cent. advance in the prices of all commodities, and twenty-five per cent. advance in the price of wages.

Mr. SHERWIN. How do you form that opinion?

Mr. PARSONS. That has been the result of a reduction of the hours of labor in the past.

Mr. SHERWIN. Is there not always a known ratio between an advance of wages and an advance in the prices of commodities? Has not an increase of wages always had the effect of increasing the prices?

Mr. PARSONS. Slightly.

Mr. SHERWIN. Supposing that a reduction in the hours of labor should increase wages, then the rise in the price of labor would raise the price of all commodities, and what would be the gain to the laborer?

Mr. PARSONS. You assume that I deny it.

Mr. SHERWIN. You say that you admit it to a certain extent.

Mr. PARSONS. To a certain extent, but only to a very slight extent. The workingman would become possessed of two hours more time. He would win these two hours for himself. He would be two hours nearer to his freedom. And these two hours would enable him to make contracts, and to have some voice in the regulation of contracts.

Mr. SHERWIN. What do you mean by that; do you mean that?

Mr. PARSONS. I mean this: under our system of labor there is no such thing as freedom of contract.

Mr. SHERWIN. What do you call freedom of contract?

Mr. PARSONS. Freedom of contract is where the parties stand on an equality, and where either party is free to accept or reject the offer.

Mr. SHERWIN. That is, that a reduction of the hours of labor would increase the demand for labor, and that a man would be on a better footing to make his bargain with the contractor.

Mr. PARSONS. A reduction of the hours of labor would give employment to more men by reducing competition among them for the opportunity to work, and would enable them to make better terms with their employers.

Mr. SHERWIN. Is there not a constant increase of laborers, and a constant pressure of men in the market; and if you reduce the number of hours for a day's work to eight, will the time not arrive when the same pressure will be felt that is felt now?

Mr. PARSONS. O, certainly, because high wages always produce inventions in machinery. In China, where the wages are only six cents a day, they have no machines, but where wages are high machinery is always introduced.

Mr. SHERWIN. Then the eight-hour law would be only one step in a progressive series of reductions of the hours of labor?

Mr. PARSONS. The eight-hour law is simply beginning a real solution of the labor question; the regulation of the hours of labor to that point where all will be employed. When that point is reached men will always stand on an equality with reference to the power to contract.

Mr. SHERWIN. Supposing that that was accomplished to-day, and that all men were employed under the eight-hour system. Time goes on, business increases, and population increases. How long do you think that state of things would continue?

Mr. PARSONS. Of course it is mere guess-work. I believe that if the eight-hour system were universal in the United States to-day we would be working under a six-hour system within the next five or ten years.

Mr. SHERWIN. Where would this reduction of the hours of labor stop?

Mr. PARSONS. This reduction of the hours of labor would stop when the ingenuity of man will be no longer able to supply his wants by machinery to which the motive power of steam and electricity can be applied.

Mr. SHERWIN. And the time may come when no manual labor will be required.

Mr. PARSONS. I believe that about four hours labor a day is necessary for health, for exercise.

Mr. SHERWIN. But supposing that the supply of labor was such that the men could not even work four hours a day?

Mr. PARSONS. Then they could go to the gymnasiums and take exercise.

Mr. SHERWIN. Suppose that this would ultimate in a commune; would it not?

Mr. PARSONS. No, sir. It would ultimate in co-operation, and that

would be the natural logical result, the natural outcome. Through this process wages would be increased until the profits of labor would be melted out of existence, and the competitive system which we now have in labor would be naturally melted into the co-operative system. That would follow as the natural logical result. But this involves of course the building up of an entirely different class and race of people.

Mr. SHERWIN. What do you mean by a different race of people?

Mr. PARSONS. I mean that men would have to be far more elevated in intelligence and morality to be fitted for the co-operative state.

Mr. COWGILL. Then you mean to have it after the millennium.

Mr. PARSONS. That will be the labor millennium.

Mr. SHERWIN. You say that in five or ten years the hours of labor would be reduced from eight to six. How would that be brought about?

Mr. PARSONS. It would come from the competitive system.

Mr. SHERWIN. From an increase in the supply of labor?

Mr. PARSONS. No; but from the invention of machinery.

Mr. SHERWIN. Then an increase of labor-saving machinery would be an element in the problem?

Mr. PARSONS. Certainly, machinery is labor.

Mr. SHERWIN. An increase in the supply of labor would be constantly pressing?

Mr. PARSONS. Yes. There is no danger of over-population in this country. I believe that one of the things that Congress should do to relieve labor in the United States is the passage of what is known as the Wright's supplementary homestead bill. This measure, in my opinion, would be largely beneficial, and would be a great blessing to many thousand people in the United States. A great number of people in this city, I am sure, would avail themselves of its advantages. It would be a benefit to those who went, and a benefit to those who remained.

Mr. SHERWIN. Do you think it is a good and safe principle of government, for the government to interfere by aiding men directly with money?

Mr. PARSONS. I think that if the government aids the people by loaning money to them, the people are simply borrowing money from themselves. It is their own money, and surely they have a right to do what they please with their own.

Mr. SHERWIN. Then if that were so, the man who paid the largest tax would have the right to the largest loan.

Mr. PARSONS. Yes, if this was a government of the wealthy classes, but it is a government of the people.

Mr. SHERWIN. You say that the money of the government is the money of the people, and that they have a right to loan it to themselves. Now, a wealthy man is one of the people, and as he pays more taxes than a poor man he would have a right to a larger accommodation from the government on the same principle.

Mr. PARSONS. I deny that proposition. It is only the laboring classes who pay taxes. The wealthy are simply the collectors of the taxes. A national bureau of national statistics is of evident importance, because if we had such a bureau this great question would be no longer a matter of guess-work, but a science.

Views of Dr. W. J. W. W. Washington.

Dr. W. J. W. W. WASHINGTON came before the committee as a volunteer witness. He stated in reply to preliminary questions that he is a

physician and surgeon; that he has lived thirteen years in the State of Illinois; that he was born in Springfield, Mass., and came here from Massachusetts; and that he proposes to speak in behalf of men of his own race (colored). He believed that the hard pressure of the times originated with the war, and he also believed that Congress had failed to look after the interests of laboring people, and of the people in general. When the war closed there should not have been any more bonds issued, and he thought that the issuing of such bonds originated the present hard times. He thought that when the war was over Congress should have declared all sorts of money, whether gold, silver, or paper, a legal tender. The paper money had intrinsic value as much as gold. Neither gold nor silver could be money without the stamp of the government. As to the national banks, he thought that they should never have been allowed to issue bills; and he alsobelieved that a savings bank system should be provided by the government. The laboring men of the country wanted cheap money and high wages. He declared himself a member of the Greenback party. He thought that another thing which had its effect in producing hard times was the exodus of negroes from the South to the North, and that bad legislation in the South had caused such exodus.

The committee here took a recess to three o'clock p. m.

AFTER RECESS.

Views of Mr. Carl Beer.

Mr. CARL BEER came before the committee at its invitation. He said in reply to preliminary questions that he resides in Chicago; that he has lived here for fifty years; and that the business of his firm is the importing of fancy goods, toys, &c.

Mr. SHERWIN. Please state to the committee your views on the question before it.

Mr. BEER. I think the depression of trade generally is not merely of a national character, but that it is a calamity of national significance. The same stagnation that we have had in this country has been prevailing all over Europe, and the same state of things exist there still. I venture to say, from what I have seen recently when I was in the old country, that it is worse there than it is here. The attempt to abolish or abate anything in the way of what is called the great struggle between capital and labor, and to do so by means of legislation, seems to be futile. In the old country the socialistic movement has certainly some reason for its existence. There there is a reason for it, but it appears to me that in transplanting it to this country, where there is actually no reason for it, they are trying to find grounds for their action and movement. Their claims for inaugurating the socialistic movement here are, it appears to me, without any reason. Only to a certain extent, it seems to me, are they right in attempting to carry out certain principles. Where they want to do away with monopoly, and with a tendency to centralization (which seems to be the tendency of the age) I think they just hit it. They are right on that point. But I am inclined to doubt that any remedy can be found in the way of legislation. These two things, centralization and monopoly, seem to be the tendency of the age. On the other hand, there is a great commercial and financial tendency to amass fortunes and to accumulate money, and, on the other hand, there is a leveling influence on the great masses of the people. Whether

it is possible to bring about a better state of things than exists between these two conflicting elements I do not know.

Mr. SHERWIN. What is the state of business here now?

Mr. BEER. I think that we are over the worst times now. I think that we are about at the end of these seven meager years, and that a different state of things will follow.

Mr. SHERWIN. On what do you base your opinion?

Mr. BEER. On the natural course of things—on the principle that after a certain action a certain reaction will follow.

Mr. SHERWIN. You can see that the reaction has begun here?

Mr. BEER. Yes, I think that things are getting better now in commercial circles as well as in labor.

Mr. SHERWIN. Is there any trouble in the financial world now? Is there any lack of money for the proper transactions of business?

Mr. BEER. I do not think there is any lack of money. I think what is generally termed a lack of money is an inaccurate definition of the matter. A great many people are inclined to mix up the idea of capital and money, while there is of course a vast difference between them. What the merchants want is capital. They do not need money, but capital.

Mr. SHERWIN. Have you observed the condition of the laboring people here at the present time?

Mr. BEER. Not sufficiently to form a very correct opinion on the subject.

Mr. SHERWIN. Can you form an opinion as to the number of men out of employment now, compared with the number in prior times?

Mr. BEER. From what I understand from a great many sources the laboring men are paid better now, and there is plenty of work for all of them. That is what I have heard, although I am not sufficiently acquainted with the condition of things to form a very correct opinion on the subject.

Mr. SHERWIN. Do you know how wages are now, compared with former years?

Mr. BEER. From what I have heard from persons employing men, wages are much better than they used to be in factories, and in different manufacturing establishments. I understood from one person in the city, who is in the manufacturing jewelry trade, that his forge workman gets about double the wages now that he used to receive when he was employed in New York twenty or twenty-five years ago. At the same time we have been figuring on the subject, and he says that at that time workmen had to pay at least as much if not more than they now pay for the commodities of life.

Mr. SHERWIN. What is your observation in regard to business generally in this city, as to the feeling of confidence or otherwise?

Mr. BEER. Business generally is done now on a much safer basis, but at the same time at a smaller rate of profit than in former years.

Mr. SHERWIN. How does the volume of sales compare now with that of former years?

Mr. BEER. The amount of sales remains about the same, excepting, perhaps, for one or two years at the time of the greatest inflation. One of the elements affecting trade now is the monopoly by certain houses, and the centralization of business.

Mr. SHERWIN. Can you ascribe that to any cause?

Mr. BEER. I can only see in it the natural result of our present mode of living, and of our rapid communications. I should say that it is the result of the era of railroads, just as the late panic was due to the same

causes. The fact that that panic extended all over the world, that it was felt in Europe and even in Asia, seems to furnish some evidence to that effect.

Mr. COWGILL. How do the wages which the laboring classes are able to obtain for their labor at this time compare with the wages which they were able to obtain immediately previous to the panic of 1873, in procuring the necessaries of life for those classes—in paying for clothing and subsistence and rents, and everything that goes to make up the necessaries and comforts of life? Can the laboring classes procure as much of those comforts and necessaries of life as they were able to obtain at any other time from their labor?

Mr. BEER. We were in a somewhat different position in Chicago at the time the panic broke out from that which other cities were in, because in 1872 everything here was bustle and life. This was at that time the biggest money-making city in the world, because at that time all the insurance money was being spent here. So, if you want to get at general conclusions, Chicago would not be the proper city to determine the question.

Mr. COWGILL. You speak of insurance money being expended here at that time; do you mean that at that time the citizens were borrowing large sums of money from insurance companies for the purpose of making investments here?

Mr. BEER. No; I had reference to the amount of insurance money paid for the losses after the fire. The payment of those losses necessarily put a good deal of money in circulation here, and (what was of the greatest importance) money circulated very quickly.

Mr. COWGILL. Go back to a time prior to the great fire. What are the facts then as to wages, taking into consideration the value of the money which we were using at that time and its value to-day, and the prices of such things as constitute the comforts and necessaries of the laboring classes? Could the laboring man procure as much or more for his wages at that time than he can to-day?

Mr. BEER. I think that at that time everything in the way of the commodities of life could be procured at the same rate as now, except in this city rents, for instance, and except probably some other items of every-day life. These went lower here corresponding with the decline of gold. They are lower now than then.

Mr. COWGILL. Is it not a fact that, with very few exceptions, a dollar will buy as much of the necessaries of life to-day as it would buy from 1865 to the time when you had your fire here?

Mr. BEER. Yes, indeed, and more, too.

Mr. COWGILL. How much more would a dollar buy now than it would buy then—one-half more?

Mr. BEER. That I doubt; I should say about 20 to 25 per cent. more on the average—not referring to one article, but to the whole average.

The CHAIRMAN. In what branch of business are you engaged?

Mr. BEER. Our firm is dealing in fancy goods and toys—mostly goods which we import from Europe. Our firm is situated on State street.

The CHAIRMAN. Are you large dealers?

Mr. BEER. We are selling about $150,000 worth of goods a year. We sold more than that in one year.

The CHAIRMAN. How many persons have you employed in your establishment?

Mr. BEER. At this time of the year we have about twenty. We have more in the fall.

The CHAIRMAN. What do you pay your salesmen and other persons between the ages of sixteen and twenty-one?

Mr. BEER. That depends upon the work they do.

The CHAIRMAN. You have an average rate of pay?

Mr. BEER. Not exactly. It depends upon what the employés are doing—whether selling goods or engaged in packing and unpacking. We hire our employés by the year. The majority of them have been with us for a long time.

The CHAIRMAN. What rate of wages do you pay them?

Mr. BEER. From $600 to $1,200 a year.

The CHAIRMAN. $600 is the lowest amount?

Mr. BEER. Yes.

The CHAIRMAN. And $1,200 the highest?

Mr. BEER. $1,500 is the highest.

The CHAIRMAN. You spoke of the wants of merchants being greater for capital than for money; what do you mean by capital?

Mr. BEER. I merely mentioned that in the way of illustration. You will probably remember that several years ago there was a great outcry in the West for more money, and for a change of financial policy. At that time it appeared to me that there was no reason for that outcry. What the West requires (and the farther you go west the more the fact becomes evident) is capital for the development of the country. This great question of finance, in which greenbackers are calling for more money, is not defined properly, I think.

The CHAIRMAN. It is your opinion that there is currency enough to carry on all the business industries of the country?

Mr. BEER. Yes, sir; enough money to pay balances.

The CHAIRMAN. Is there currency enough for all purposes, considering the state of trade as it now exists?

Mr. BEER. I think the country has currency enough.

The CHAIRMAN. I speak of this city, and of the country about here?

Mr. BEER. This city has currency enough, because it is quite a commercial center. Whether the farther west has currency enough, it is hard for me to state. But with our modern system of doing business by bank checks, and only requiring the money actually for paying balances, I think that a large volume of currency is not needed. It looks to me, that a great many people, when they cry out for more money, do not know what they mean. One of the essential needs for money is that it circulates quickly. Trade can only be good when money circulates quickly, and when it is changing hands from one to another.

The CHAIRMAN. That relates more to the transactions of the day than to the investments by way of capital.

Mr. BEER. I, of course, draw a distinction between money and capital.

The CHAIRMAN. Do you lack capital for the development of the country?

Mr. BEER. Yes, I think so. I only call the circulating medium money.

The CHAIRMAN. If a man makes a loan it is money.

Mr. BEER. It is quite immaterial whether he gets it in gold or silver, or in paper, or in a bank check.

The CHAIRMAN. But still it is money.

Mr. BEER. Certainly it is money. It is capital the moment that he puts it in investment.

The CHAIRMAN. And more of that capital could be employed than is employed?

Mr. BEER. Exactly.

Mr. COWGILL. Do you know anybody in this city, or anywhere else, who wants to make a safe investment of any kind, and who is able to give proper security for the money that he borrows, who cannot obtain the money for any legitimate purpose; is there not plenty of money if the security can be furnished?

Mr. BEER. Yes, sir; most decidedly. They can get all the money they want.

Mr. COWGILL. For any kind of investment?

Mr. BEER. Yes, indeed.

The CHAIRMAN. What do you call security; do you mean government bonds?

Mr. BEER. Whatever makes the man who lends the money safe. Security of any character is only of relative significance. I think that United States bonds would be safe enough.

Mr. COWGILL. And good notes signed by a good indorser would be also good enough security, would they not?

Mr. BEER. Yes, indeed.

The CHAIRMAN. Then any business man can get from the banks all the money he wants provided he puts up unquestioned security?

Mr. BEER. Yes, sir.

The CHAIRMAN. You would put the national bonds at the head of the list as to the character of security?

Mr. BEER. Yes. The credit of the United States stands about five-eighths per cent. higher than the credit of Prussia. That is a very significant sign of the times.

The CHAIRMAN. You regard United States bonds as the best security?

Mr. BEER. That has been shown.

The CHAIRMAN. Since the collapse you have gone through a very hard and oppressive condition of things here, have you not?

Mr. BEER. Yes; quite so.

The CHAIRMAN. Harder than was ever felt here before?

Mr. BEER. No doubt of that. It was a severer panic than was ever witnessed here before, probably.

The CHAIRMAN. It depressed everything to a greater extent than ever previously?

Mr. BEER. Yes.

Mr. COWGILL. You do not know anything about the panic of 1837, I suppose?

Mr. BEER. No, sir; I was not here at that time.

Mr. SHERWIN. When were the effects of the panic felt most severely in Chicago?

Mr. BEER. From 1875 to 1877.

Mr. SHERWIN. And you have been on the up-grade since?

Mr. BEER. Eighteen hundred and seventy-eight was not very prosperous, either.

The CHAIRMAN. You have got a foothold now by which you can maintain yourselves?

Mr. BEER. Yes; the indications are better.

Mr. Sherwin here read to the committee and put in evidence the following letter:

OFFICE OF N. C. THOMPSON,
Rockford, Ill., July 28, 1879.

Hon. J. C. SHERWIN,
Geneva, Ill.:

DEAR SIR: Your favor of the 23d has been received and contents noted. I hope your committee will do some good; but it seems to me as if the investigation should have

taken place two years ago at least. With silver remonetization and resumption (to which the former was an essential preliminary), the depression is passing away, and both business and labor are reviving.

Thanking you for your courtesy, and trusting the investigation may tend to confirm a wise financial policy.

I am, yours, truly,

N. C. THOMPSON.

Views of Mrs. Sarah M. Mills.

Mrs. SARAH M. MILLS appeared before the committee as a volunteer witness.

Mr. COWGILL. State what you represent.

Mrs. MILLS. I reside in Chicago, and have resided here for the last twelve years. I am a delegate from what is known here as the Liberal Reunion, an organization which discusses all those questions, provided there is neutral ground. It discusses all questions of public interest in a friendly and courteous manner. I am also a member of the Working Women's Union No. 1. I have been a member of the Philadelphia Society for five years. I have written out a communication which I will read to the committee. I am a married woman; my husband is living. He is attending to his business this afternoon, and I am attending to mine, just now. Very much of what I will present here to-day I have written at home with my husband.

Mrs. Mills then read as follows:

GENTLEMEN: I remember well the panic of 1837. I was then fifteen years old, and from that time I have been deeply interested in all the stirring events of our times. Our national history is marked for the instability of our financial and industrial systems. The present disastrous condition as I believe of the country is nothing more than a continuation of the periodical attacks of a disease that had its origin in causes that are directly traceable to two fundamental errors of our forefathers: The first was the acceptance of the theory that the paper currency used in all the varied fields of industrial enterprise is dependent for its value upon the amount of coin money stored up in the vaults of the nation. Having no hidden treasure of glittering or even rusty coin with which to redeem their colonial paper currency, our fathers reaped the first fruit of their error in finding themselves poverty-stricken while their pockets were lined with money, money received by them in good faith, believing that the boundless resources of the country, when once it was free and independent, would insure its value. They believed the reign of industry, instead of a privileged aristocracy as in the old world, was to be the talisman of the nation, and make its promises to pay better than gold in the markets of the world. But, alas! British tyranny had enslaved the public mind. A century of alternate panic and prosperity passed away before it awoke to a knowledge of this fatal blunder that has made us a nation of paupers in a land of plenty. "Not worth a continental" passed into a proverb, and from that time to this the financial legislation of this country has, with one exception, been one continued series of enactments tending to build up a monied aristocracy in a so-called Democratic America. Thanks to Bonamy Price, England's gold bullionist missionary, and to our public-school system, finance has finally passed from the realm of the occult sciences, and has become a national problem, which the people are to solve. I need not refer you to our great National Bank authorized to issue three dollars in paper to one in coin money, with which to redeem its issues, that culminated in a financial panic and political campaign that made Gen-

eral Jackson President of the United States—he who instituted that policy, based upon the maxim that "To the victors belong the spoils," which to-day rules our political parties—a policy that makes our political leaders choose men for office because of their availability, with but little regard for private integrity of character or ability. This first error of our fathers has been the parent of almost every other, and is greatly responsible for the universal spirit of toadyism and dishonesty which prevails throughout the country. It is also, I believe, responsible for the mania to do business on a large scale with an inadequate capital, for the system of monopolies, of ruinous speculations, and of the general disregard of the rights or welfare of the working classes which form so prominent a part of our legislation, and which to-day stigmatizes as tramps our sturdy workingmen who are compelled to leave their homes and families in search of employment. I need not remind you of the banking policy that succeeded the fall of the great National Bank, which flooded the country with what are now known as "Wild Cat Banks"; a system that re-enacted the financial farce of issuing a paper currency based upon the canard that a coin money basis gives to it its value. The bursting of this financial bubble brought on another panic and unsettling of all values, resulting as now in the almost universal ruin of the best business talent of the country, and the demoralization of all classes of industry. Were its effects not so tragical, we could laugh at the infatuation which still clings to a theory that has been practically exploded as often as every decade during the last century.

Permit me, gentlemen of the committee, for a short time to call your attention to the second fundamental cause of our present as well as our past industrial troubles, taking up the first cause again where the disease culminated in civil war, when the foundation was laid for a curative process to begin to recuperate the spent energies of the nation.

This second cause was the toleration of a system of organized human slavery, absolute and despotic as has ever existed on our planet. From that moment the "irrepressible conflict" between capital and labor began in republican America. It was not the slavery of the black man alone that caused the honest and true men and women of those times to take up arms against this inhuman system, but it was a principle lying deeper and broader than many of them knew at the base of all civilization, the progress and development of the masses of the people. Day by day and year by year legislation favored capital and encroached upon the rights of the wage-worker. It honored and patronized the man of money, while it neglected and in a thousand ways contemned the man who by daily toil earned his bread. It fostered and protected the man who received thousands of dollars annually from the industrial enterprise in which he had invested his money, while it refused its support and protection to the man who invested his bone, muscle, and brain in the same enterprise, and received therefor only, at most, but a few hundred pennies. Our legislators have been penny wise and pound foolish, and the result is that we are in the midst of a revolution that threatens to change existing laws and customs. Let us hope that we shall have wisdom enough to keep the social pendulum from swinging to the other extreme, and causing a reign of terror that will exceed our present deplorable business prostration a thousand fold in its disastrous influence upon the public weal.

Already the waves of popular uprisings foretell the coming of a mighty storm in the near future, and those who have their fingers on the public pulse are astonished at its tumultuous throbbings. This

Congressional committee denotes to us that those who are standing in high places are aware of the danger and are preparing for it.

The second cause of our troubles was removed by our civil war, and here a new phase or element entered into our political conditions and controlled the industries. I might say two elements were evolved from the war, which are destined to have either a most beneficial or disastrous effect upon our country. They are molding our institutions already, and both directly and indirectly have been potent causes in producing the present prostration of our industries. They are the two rival financial systems known as the greenback and the national banking systems. The greenback opened the eyes of the country to the advantages of having a currency free from the manipulations of middle-men or schemers, usurers, bankers, and all the class legislation of the past seventeen years has only succeeded in opening them wider and clearing their vision. The people, the voters of our country, are learning that this national banking system was and is the potent power that shuts them out from all hope of bettering their condition. They know (that is, the thinkers do, and their name is legion) that our present financial policy is laying the foundation of a privileged aristocracy, who do not desire to invest their moneys in industrial enterprise, but are surely preparing, by buying up large quantities of land, factories, real-estate properties of every kind, machinery, &c., after having depreciated their value by legislation, as they did the greenback, making gold the standard, and demonetizing silver, even to the destruction of our unit of value, the silver dollar. I say they are preparing the way, through legislation, for what they term "*a strong government*," that is, the empire. On the other hand is the revolutionary element of the socialistic party. Thoroughly organized and disciplined, arbitrarily controlling the votes of their members, acting as a unit, in this city alone, where but only some few years ago less than ten men formed a nucleus of the party, they polled 12,000 votes at our last municipal election. They make no secret of their object and aim. They openly declare that they welcome the present disastrous state of our industries, and do not desire to ameliorate the condition of the working classes, knowing that it will hasten the time when a commune or governmental ownership of all the means of labor will be inaugurated. Between these two forces our free institutions are being ground into powder. It is this that appalls the hearts of our best men and women. It is these two contending forces, evolved from the war, that paralyze industry; that hold real estate and all other properties at a mere nominal value. And at present there seems to be no middle course marked out to hold the balance of power, and save us from shipwreck amid the breakers of ignorance and despotism in which our noble ship of state is now rolling.

A currency of paper money issued directly to the people by the government for a medium of exchange, its volume regulated by the needs of the country, which can be estimated by statistics, would do much to restore confidence and set the wheels of industry in motion. Coin money, as now used by the nations, should, in a free country, be abolished entirely, and bullion or the precious metals in quantities of weight, to meet the demand for coin money, take its place, through governmental action, leaving its price, like that of all other products, to be regulated by the usual laws that govern prices. Legislation could protect the working classes in forming associations greatly by adding to our present joint-stock laws the privilege of limiting the amount of stock to be held by one person. Overproduction, to which many ascribe our present condition, is merely underconsumption. Associated effort will and must in time

regulate this difficulty. Machinery by associated effort can be made available to the wage-worker and do away with the present need for eight-hour leagues. Isolated individual effort is doomed, and the people will be compelled to go to the wall or co-operate. Give the people a free currency, that cannot be manipulated by Wall-street brokers, punish men who make corners on any product, thus indirectly robbing the people, compel boards of trade to do honestly their work, and confidence will be restored, the times will revive, and the country be saved.

SARAH M. MILLS.

Views of Mr. Lyman E. De Wolf.

Mr. LYMAN E. DE WOLF came before the committee at its invitation. He said in reply to preliminary questions: I have been a resident of Chicago for thirty-two years; my occupation is that of a lawyer; I have been practicing law forty-two years. I learned my profession in Wilkes Barre, Pa. I have not been much engaged in the legal profession, but have been always engaged in buying and selling lands. I have been also engaged in railroad controversies, and have been familiar with the whole northwest portion of this State for the last twenty years. I have come in contact with all conditions of the farming community. I have always had an office here in this city. I have come into close contact with the industrial classes.

The CHAIRMAN. State in a general way what, in your judgment, has produced the calamities which we have suffered in this country for the last ten years.

Mr. DE WOLF. The difficulties arose almost entirely out of our money system and out of our mode of doing business. We have what is called the credit system here. It came from Great Britain, where it has existed from 1694 to the present time. That credit system has been always liable to produce fluctuations, and those fluctuations have been always larger and greater in proportion to the exigencies under which they arose, such as war and deranged industries. In 1857, previous to the war, we had built more railroads and contracted more debts than we were prepared for. In other words, the corporate system had begun; had developed to a greater extent than ever before. Roads were built very largely on the proceeds of stocks which represented on their face $100 for every $10 or $15 derived from them. The Ohio Loan and Trust Company failed in 1857, and that failure depressed our industries very badly. We had not recovered from it at the time of the war When the war commenced there was a good deal of bank paper throughout the country which was based on Southern bonds, and as a matter of course that paper went down from thirty cents on the dollar to nothing. I myself handled a good many hundred dollars of it, and lost in that proportion. The country was badly in debt at that time. About 1860 corn was frequently sold at ten cents a bushel. Twice since I have been in this State corn has been used here as fuel. When the war commenced there was no market for anything for a short time until the government commenced issuing money. From the excessive demand of the government for products prices rose, and labor rose in a corresponding degree. The prices did not rise, perhaps, as fast as gold, but still they kept along in the neighborhood of gold until gold ran up to $2.80. Wheat ran up to a large amount; farming was stimulated, and men paid their debts. I have known myself farmers who were indebted $400, $500, and a $1,000 who paid their debts during the first years of the war, and who, besides, frequently bought double the amount of land they had. In this

city property rose, wages rose; men bought their homes and paid for them. When the war ended, and up to 1868, we had less debts than ever I knew since I have been on the stage of action. There were more farms paid for, more railroads built, more substantial improvements, more manufactories built in the Northwest up to 1868 than there had been for twenty-five years previous to that time. It is an inevitable law that whenever you increase the demand for commodities prices will rise; and so the farming and laboring classes received the benefit of the high prices. That this was a permanent gain on their part is evident by the fact that they paid for their property, and that they were never so free from debt. In 1868 the gold gamblers in New York fixed upon General Grant to be the President; and I watched the movement at the time with great interest, because I saw that there was going to be a conversion of the national debt, and that there was going to be a contraction of the currency, and that out of that would come destruction to our interests. I stumped it all over the country at that time trying to get this idea into the heads of the Democrats particularly, but they could not see it; they could not see where they were going to have this pressure. Then men began to exhaust their money. Where I could collect $500 before I cannot now collect $75. You cannot borrow money and carry on business in the condition in which labor is now, for the reason that all the money that you get has got to pay back mortgages. An establishment which employed fifty men will not now employ more than thirty-five men. The large majority of working men get only 50 to 75 cents a day. I have had two sons and a son-in-law receiving a dollar a day where they had been receiving two or three times that amount, and have been out of employment half of the time besides. As it is with me so it is with my neighbor. I have done about as much business as ever, but I find difficulty in collecting enough to make a living. I have large amounts standing out which I cannot collect. Under this state of facts the community is left in this way. Part of the summer men are at work for maybe five or six weeks, but in the winter they have nothing to do. Many men in this city have been obliged to cut down their tea and coffee, and their bread and butter, and among professional men there is great difficulty in making a living. A few days before this committee came here the Inter-Ocean published 308 seven-column pages of property advertisements for sale for the nonpayment of taxes, and there have been two strikes on the tapis. The land sales published in last Sunday's Tribune were said to be 103 or 104, amounting to $286,000, and I venture to say that in nine-tenths of those land sales the property is purchased in by the creditors, because they could not get bids equal to the amount of their indebtedness. The Connecticut Insurance Company started in this city in 1847 with about $10,000 capital. That company has now a capital of $100,000 on paper, and has more than $2,000,000 of property in this city to-day. As it is with that company so it is generally throughout the State. There is hardly a building in this city that is not to-day mortgaged for more than it is worth. This is not because there is not plenty of business here, but it is because the government contracted the circulation. This contraction was commenced by Mr. McCulloch, and was followed up by Mr. Bristow. These tax sales show the condition of labor in this city. The laboring classes cannot get employment. Poor as I am, I have men and women coming to my house constantly for a meal of victuals. There is not a week during the winter that I have not two or three such calls. People come into my office and beg for something to eat. The jails are full. We are building new poor-houses—large, magnificent ones. Our

State prisons are full, and men are glad to get into them in the winter months in order to live.

The CHAIRMAN. What number of people in this city have gone through bankruptcy?

Mr. DE WOLF. Between six and seven thousand in this district. But that probably does not show one-fifth of the amount of actual failures. There are a few large business houses like Field & Leiter who are undoubtedly doing well; but there is not more than one man out of ten in business here to-day who is making more than a living, and a large number of them are exhausting their capital.

The CHAIRMAN. You have come to the conclusion that prosperity is not a fixed fact in this city?

Mr. DE WOLF. Not by any means. If we had not immense resources in the country back of us we would be to-day in a state of poverty. It is the country back of us that keeps us up, and that will make Chicago finally a great city. But the men who have employed their labor and capital here will lose their property. The hotels in this city were originally owned by men who were able to pay for them, but it is not so now. The bank property near this hotel has been sold out under trust deeds of sale. All the property lying between here and the Illinois Central Railroad depot has fallen in value so that it could not be sold to-day for 30 cents on the dollar of what it cost. This is not because there has been inflation, but is because there is not money enough to keep property at its proper level. With our 400 arrivals and departures of railroad trains every day, with our three thousand miles of lake coast, we would be to-day, if there was currency enough in the country, flourishing. I have been here since Chicago had a population of 12,000 people. I have been through two or three depressions here—in 1837, 1847, and 1857. I can remember Chicago back as far as 1827; I can remember a time when we did not see a piece of coin in circulation, and when we used to barter pork for meat and sugar. At that time butter was a unit of value; so much butter, wheat, and rye were paid for a coat, and so much for a plow. I have been through all that, and I have never seen troubles reaching down so low as those of to-day. All over the Northwest farms are mortgaged to their full value.

Mr. COWGILL. How did the indebtedness for these mortgages arise?

Mr. DE WOLF. By borrowing money.

Mr. COWGILL. What was the money borrowed for?

Mr. DE WOLF. To make improvements and to pay balances due on the land.

Mr. COWGILL. Does not that show that farmers made their improvements injudiciously—that they made larger improvements than were justified?

Mr. DE WOLF. Under this system, yes.

Mr. COWGILL. Under any sytem?

Mr. DE WOLF. No, sir; they had gone through such things years and had borrowed money before in the same way as they borrowed it now.

Mr. COWGILL. And did they not pay off that former indebtness by furnishing the products of the farm to the government, whose armies created the market for the products?

Mr. DE WOLF. Certainly.

Mr. COWGILL. Could such a market as that be kept open without another war?

Mr. DE WOLF. We do not want another such war.

Mr. COWGILL. But when the war was over, and when the armies were disbanded, and when the government was no longer clothing and

subsisting and furnishing these armies with munitions, there was no longer a market made by the government for the products of the farm.

Mr. DE WOLF. There was not. In 1850 our public debts—railroad, State, municipal, and national—amounted to $9,000,000,000. To-day they amount to $32,650,000,000. There is a state of industry in every nation corresponding with its indebtedness.

The CHAIRMAN. Have you any suggestions to make in the way of remedy?

Mr. DE WOLF. The remedy will be to make a system by which there will be national money. Let the money be based on bonds, and let the bonds be introconvertible, and pay 2 per cent. interest.

The CHAIRMAN. What amount of currency would you have?

Mr. DE WOLF. That would be determined entirely by the amount of products, and by the population.

The CHAIRMAN. Have we enough of currency to answer all purposes?

Mr. DE WOLF. No, sir. I would issue that money on the basis of a loan.

The CHAIRMAN. You think that the condition of the country requires more money than is now afloat?

Mr. DE WOLF. I do.

Views of Mr. Harvey B. Hurd.

Mr. HARVEY B. HURD came before the committee at its invitation. He stated in reply to preliminary questions: I have been a resident of this city for thirty-four years; I am an attorney at law; I have no special statement to make. I supposed that I was called to answer questions that would be asked me. I have no special theories to advance.

Mr. COWGILL. What we want to learn is what you consider as the cause of the present depression of labor and industry in the country (if there be such a depression), and what the remedy would be.

Mr. HURD. I have some views on the subject which are based on my observation and experience; but I have not given the subject sufficient thought to form a theory. It occurs to me that the causes of the depression which we have had was the panic of 1873, and the chain of events which followed. What caused the panic I think it very difficult for any body to inventory. Doubtless there were many causes contributing, and among them were perhaps overspeculation, the war, and various other causes which disturbed the healthy condition of trade. You might as well undertake to find out the cause of an epidemic as the cause of a panic. A great many causes undoubtedly contributed to produce it. Since the panic, from my observation of what has taken place, it would seem to me that the remonetization of silver is a prominent cause, and the determination to resume specie payment. These two causes have had their effect, more in consequence of the fear produced on the public mind than in consequence of the real fact of resumption. In 1873, for instance, I was quite a large owner of real estate which I could have sold at very good prices. But when it was generally believed that resumption was to take place, the question which I found in almost every man's mind was, "What will be be the result of this on values?" Immediately followed a distrust in real estate and in all other kinds of property. Consequently people began to leave off investing at least in real estate; they began to discontinue purchases, and to discontinue improvements. The first effect produced was the worst effect, but its progress was accumulative. The downward tendency was accelerated by what we already know. For instance,

I had a valuable lot well located for residence purposes and worth about $10,000. A builder came to me and said "I would like to build some houses, and I have got $10,000. We could build two or three houses on your lot. If I could do it safely I would purchase that lot and build those houses." We thought the matter over, looked at affairs as they stood, and came to the conclusion that it was not safe to build. If he had put his money into those buildings, he and I together, we would probably have lost our investment. As nearly as we can ascertain the lot and buildings would not be worth as much money now as he had in his hands at the time. He would not buy the lot and would not build the houses. I lost my sale and he lost the profits he expected to gain, and the people who would have been employed on the building were unemployed. I think that in that little illustration we may learn a good deal as to the cause of men being thrown out of employment, and as to the causes of an apparent sufficiency of money. That $10,000 in this man's hands was not employed as it would have been if times were good and if the people had faith in investment. That money was thrown on the loan market, and there was $10,000 more apparently to be borrowed than there would have been if the times were good. There was a surplus of labor and an apparent surplus of capital from the same cause, namely, depression and lack of faith in business.

Mr. COWGILL. You say that this $10,000 which this builder talked about investing was thrown on the loan market. Of course if it found a borrower it went into the hands of some man who was not so prudent as yourself and friend, and who was willing to take the risk.

Mr. HURD. I do not know what became of it.

Mr. COWGILL. Is it not probable it did, and have you not known instances of that kind?

Mr. HURD. I think the instances which I have known generally have been of that kind—that the money has been loaned on what seemed to be good security, and that the property which has been taken as security has been generally bid in.

Mr. COWGILL. Did you not, during all these years of inflation, have a distrust as to what would eventually be the result? Did you not believe that it would prove disastrous to those who were embarking in that kind of wild speculation.

Mr. HURD. Yes; although I ought to say this: I had the question always in my mind, "When will come the end of this upward tendency?" I had no doubt that the end would come.

Mr. COWGILL. Do you believe that the inflation of the currency, which was one of the results of the war, was the cause of inflating the price of property all through the land, and of begetting this state of indebtedness which has caused the depression and financial distress?

Mr. HURD. I will answer that affirmatively. I think that the war created, or put in operation many industries which were useless at any other time, and consequently we found ourselves upon a basis on which we could not remain. There was a necessity for some contraction, but I do think that it has been terribly cruel in its exactions. Let me take my own case as an illustration; I assumed an indebtedness of $50,000. I took as good security as, in my judgment, I could get. It was notes on real estate to the amount of $50,000, and I supposed that I had more than double, and in some cases treble, security as a counter security against the assumption of $50,000 which I made. Every man whose paper I had to secure that $50,000, has gone to the wall and the property which I have taken has dwindled to such an extent that I dare not

sell it and cannot take into my own hands on account of the burden of taxation upon it.

Mr. COWGILL. And that grew out of the fact that the product was unproductive, or that it was producing nothing compared to the amount of the value which you put upon it at the time?

Mr. HURD. My argument would be a little different from yours. It would be this: that in consequence of the contraction of the currency and as fairly resulting from it, property was not demanded. Consequently it was not useful. There was no market for it. And it has gone so low in consequence that it is a slim security.

Mr. COWGILL. I heartily concur with you as to the necessity of public confidence. But is it not your opinion that what the country needs more at this time than anything else is to be let entirely alone so that the people may once more have confidence in the stability of things?

Mr. HURD. What we need more than anything else perhaps is a restoration of confidence, because I recognize that faith in business "is the substance of things hoped for," quite as essential in business as in religion. With regard to the policy of the government in the matter of finance, I am not radical; I do not believe in an unlimited currency. I believe in the government taking such a course as a prudent man would take under the circumstances. The sick man is convalescing; I would give him some nourishment and perhaps a little stimulant, but I would not over stimulate him; I would not make him drunk. He was drunk before.

The CHAIRMAN. Have you an idea that the prosperity of the city of Chicago is thoroughly established at this time?

Mr. HURD. I have an idea that the tide has turned; that we have seen the darkest days; that improvement has decidedly commenced. I speak now from my own observation. I am familiar with the business of many wholesale establishments, and their members all tell me that business is improving. Speaking for myself as an owner of real estate, I may say that I have had many offers of late very much more favorable than I have had before since the panic. I think that confidence is being restored, and that business is becoming prosperous, and that if the policy of the government be reasonably liberal we shall have prosperity.

The CHAIRMAN. Would you recommend us to suggest to Congress the idea of letting you alone, or of putting a little more money in circulation?

Mr. HURD. I should like very much if you would put silver on the basis on which it was before it was demonetized. And as to the currency I would say this: I would not decidedly inflate, but I would take a fatherly care of it, in a business point of view, and in proportion as we need it let us have a little stimulant. Mr. De Wolf spoke of our tax advertisements and tax sales of property here as an indication of the condition that we were in. I do not concur with Mr. De Wolf on that point. The fact is that our revenue law has been such up to this time as to offer an inducement to tax-payers to defer payment of their taxes to the last moment, and our large list of advertised property for tax sales is no indication of our inability or of our unwillingness to pay taxes.

Mr. COWGILL. Is it not a fact that, if we need more currency, we have all the law necessary to enable the people to get as good a currency as we may have need for, without any further legislation on the subject?

Mr. HURD. I do not think that my opinion on the subject is very valuable. Such as it is, I will give it to you. I look very much to adjusting the system that we have. If more business requires more currency in this place or in that place, it can be furnished through our national banks. If, by-and-by, our business requires less currency, less interest

on the part of the national banks will contract it; they can retire a part of their currency. However, I am not disposed to speak against the greenbacks. I should be glad if our volume of greenbacks was a little larger, but I am not sure as to the policy of enlarging it.

The CHAIRMAN. You would prefer enlarging national bank currency to enlarging greenback currency?

Mr. HURD. I cannot say that I would; but I would say that it seems to me that a flexible currency is the best; and it seems to me, also, that we find that flexibility in the national banks which we need and which most likely we could not get in a currency issued by the nation, and under the control of an autocrat, as it necessarily is when it is under the control of the Secretary of the Treasury; he has too much power over it, and can control it too readily.

Views of Mr. F. F. Munson.

Mr. F. F. MUNSON appeared before the committee in response to its invitation. He said in reply to preliminary questions: I am a resident of Chicago, and have been for nine years; my occupation is furnishing material for building—one kind of material.

The CHAIRMAN. Give us a statement of the condition of this city in reference to the labor question.

Mr. MUNSON. There have been a great many laborers out of employment for a number of years, commencing with the panic of 1873; while in my business I do not employ a great many men, I have had more calls this season than usual; that is, there seemed to me to be as many men out of employment; but at this time of the year there is more work doing than there will be in a few months hence. Everything connected with the building business will be pretty lively for two months yet. Men are getting more employment now than they have been, and they are getting a little better prices in the building line. They are getting better prices for brick, and they pay more for wages. We are also getting better prices, because almost all in our business, except ourselves, have gone out of the business. What percentage of men are out of employment, and are anxious to procure employment, it is very difficult to say, because an immense number of men have left the city on account of their inability to get employment. I do not think there are many in the city who are out of employment. I should not think there were more than 10 per cent. of unemployed laborers in the city, although, perhaps, the percentage may be considerably more than that.

The CHAIRMAN. The statistics that have been handed in to the committee give that information pretty correctly, and show, I think, that the number of unemployed is more than 10 per cent. How is it with regard to wages?

Mr. MUNSON. Wages, as I stated, are a little better than they have been for the last two years. We are paying just the same this year as we paid last year.

The CHAIRMAN. When did wages commence improving?

Mr. MUNSON. Teaming and the other branches immediately connected with our business are a little better this season. Our business is a little better this season, because more persons have gone out of it. They have been crushed down to starvation prices. The starvation prices commenced with the panic, and were bad last year. The improvement in our particular business now is because there are less teams in the market. The teaming is better. We are getting better wages for drawing brick and sand. I am in the sand business. We rent a large

amount of dock room, and we are renting it for less than the tax upon the property. That may be prosperity to us, but it is not much to the men who own the property. The sand is brought from the lake. We dredge it near the shore and bring it in. I furnished sand for the building of this hotel. The otherpersons who used to be in the business have all gone out of the business, so that we make a little better show this year. We are doing very well now, because all the others have gone out and left us alone. We are the only survivors.

The CHAIRMAN. Your competitors are all out of the way?

Mr. MUNSON. They are all out of the way. I lived on almost nothing for five or six years. I did not treat myself even to an apple for fear of my being short in paying my men. That was my policy. When the contraction of the currency came I had to contract expenses.

Mr. COWGILL. Was not that a pretty prudent course to pursue?

Mr. MUNSON. Yes, it was a prudent course; but I do not see where the prosperity came in. I once used to live like other folks, at the rate of some $2,000 a year, but I cut myself down to five or six hundred dollars a year. I wore a pair of shoes for two years. I had been through panics before, and I knew what had got to come. I am not a bank-note man myself; I have been cursed enough by them. I am a legal-tender man every time. The greenbacks are the only currency we ever had in this country that were fit to be called currency.

The CHAIRMAN. You are evidently improving now?

Mr. MUNSON. I am improving, certainly.

The CHAIRMAN. How is it with your friends in other branches of business?

Mr. MUNSON. Those fellows who have got a little real estate (I am glad that I have none) are offering it at about one-fourth of what it was worth a few years ago. Right in the heart of Chicago, on the north side of the river, there was a lot owned by an old gentleman, on which he borrowed $2,000 after the fire, and has since paid $200 a year interest on it. I can buy that property to-day for less than the money which the owner has paid on it in interest and taxes.

The CHAIRMAN. There is a better state of things, however, now than there was a year ago?

Mr. MUNSON. It is better for those who did not get in debt.

The CHAIRMAN. Do you think that there is currency enough for the ordinary business affairs of the city?

Mr. MUNSON. I do not think there is one-fourth enough. There may be enough so far as the banks are concerned, and for persons doing commercial business. Banking business is one kind of business, and the kind of business that I am in is another kind. We cannot get money at any reasonable rate of interest to invest in building. Commercial men can get money because there is a foreign demand for grain, such as never existed before. The grain men have been prospering while labor has been starving to death. I wanted to borrow $8,000, and I offered to put up $16,000 as security for it, but I could not get the money.

The CHAIRMAN. What security did you offer?

Mr. MUNSON. I offered the security of a business, real estate, property, and machinery. Of course I did not offer United States bonds as security.

The CHAIRMAN. How would it have been if you had had a substantial man on your paper?

Mr. MUNSON. If I could have got signers whose names were good, I could have got the money from the banks for sixty or ninety days, but these lenders are not the kind of men that we deal with. We cannot

get money from the banks because they only do a commercial business. They are not lending money for building, or for general purposes. Such money has to come through money-owners, and they are getting 8 per cent. for it, and would not loan enough to put up a decent building on property. In regard to money, we never did have too much. The rates of interest in this western country were always too high even at times when the currency was said to be inflated.

Views of Mr. Michael Haley.

Mr. MICHAEL HALEY appeared before the committee at its invitation. He said in reply to preliminary questions: I reside in Grundy County, Illinois. I have been in the West for about forty-two years. I had something to do in the land business. I helped to build the Illinois and Michigan Canal. I had some interest in boats. I am in the quarry business and in the farming business.

The CHAIRMAN. State what the condition of agriculture is generally in that section of the country with which you are acquainted.

Mr. HALEY. The people in the farming portion of the country are "hard up." The farmers in the State of Illinois have mortgages on their farms to the amount of about $300,000,000. The records will show that.

The CHAIRMAN. When was the money borrowed—in times of inflation?

Mr. HALEY. No, sir. There was very little money borrowed by the farmers in 1868; there was very little indebtedness then. Everything was prosperous at that time. I think that the most prosperous time that this country ever saw was between 1865 and 1870, and up to 1871. The agricultural interests were more prosperous then than at any time since I have been in the country.

The CHAIRMAN. What depresses agriculture now?

Mr. HALEY. The lack of money and the high rates of interest paid for it.

The CHAIRMAN. What rates of interest do the farmers have to pay for their money accommodations?

Mr. HALEY. Up to this time the rate has been 10 per cent., besides a bonus for getting the loan. Sometimes they have to pay 5 per cent. for getting the loan. I have known 6 per cent. to be paid for getting the loan, together with 10 per cent. interest—the bonus is paid to the middleman or broker.

The CHAIRMAN. What have the loans been made for?

Mr. HALEY. There has been a great deal of the lands of this country held by speculators, which lands came into the market after the demand for produce increased. These lands passed into new hands. A portion of the purchase money was paid, and the remainder was covered by bond and mortgage, running sometimes twenty or twenty-five years. All the southern part of our county and a part of Livingston County, all the western part of Kankakee, and a great part of the southern part of Will County have been settled from 1866 and 1872. These lands were sold to second hands, and in the making of improvements a good deal of debt has been incurred. Then the contraction of the currency came, and with it a depression in prices, so that the accumulation of interest has, in many instances, wiped out the farmers entirely.

The CHAIRMAN. They bought their lands when there was more money in circulation and when the currency was much larger than it is now?

Mr. HALEY. Yes.

The CHAIRMAN. Have there been many foreclosures of mortgages on such property?

Mr. HALEY. There have not been so very many foreclosures yet, but there are a great many mortgages ready to be foreclosed, and the farmers are living just at the mercy of the mortgagee.

The CHAIRMAN. In other words, the mortgagee does not want to take the property for the amount of the mortgage?

Mr. HALEY. No, sir. The interest on the money borrowed on many of these farms will exceed the rent.

The CHAIRMAN. Are the farmers in a worse condition at this time than they have been for two or three years back?

Mr. HALEY. I think that they are in no better condition. The interest on the money due is increasing faster than the farmers are able to produce.

The CHAIRMAN. What is the average price of wheat?

Mr. HALEY. Corn and pork are our principal production. We get for corn 30 to 32 cents a bushel delivered on the canal within thirty miles of Chicago.

The CHAIRMAN. What do you get for pork on the foot?

Mr. HALEY. Last winter we got from $2.75 to $3 a hundred, and sometimes as high as $3.15. We are getting now from $3 to $3.20.

The CHAIRMAN. Then there is an improvement in that?

Mr. HALEY. The pork in our country has all gone forward very much, and as there is less supply the demand brings up the price a little.

The CHAIRMAN. Your idea of the relief that ought to be afforded would be an addition to the currency?

Mr. HALEY. Yes.

The CHAIRMAN. To what extent would you carry that?

Mr. HALEY. We should have enough of currency to float business.

The CHAIRMAN. You do not want to have the currency inflated?

Mr. HALEY. I never saw what has been termed inflation. I never saw a man who had more money than he wanted.

The CHAIRMAN. Have you seen a time when somebody had more more money than he ought to have?

Mr. HALEY. I do not know that I have. If a man gets a thing legitimately he has a right to it. But if the law gives a man a right which I have not—a right to issue bank-notes and to draw interest from the government on his bonds, and then interest on the money which he circulates, he gets two interests on the same amount and is, besides, exempt from taxation, while we are obliged to pay the taxes and to pay him his two interests. We do find some objections to that state of things.

The CHAIRMAN. Do you suppose, from the indications, that the dawn of better days is approaching?

Mr. HALEY. I see nothing better ahead.

The CHAIRMAN. Except in the way of giving you more money?

Mr. HALEY. There has got to be something done to relieve the producing classes from these high rates of interest. Something must be done or the farmers will have to "throw up the sponge" and take Horace Greeley's advice and go west. We organized a farmers' organization some years ago and made war upon the railroads and middlemen, as we supposed it was they who were doing all the mischief; but there happened to be among us some greenbackers who showed that it was the national banks who were doing the mischief, and not the railroads nor the middlemen.

Adjourned until 10 o'clock to-morrow.

CHICAGO, *August* 1, 1879.

Views of Mr. William Stewart.

Mr. WILLIAM STEWART appeared before the committee at its invitation. He said, in reply to preliminary questions: I am a wholesale grocer, doing business in Chicago. I have been engaged in business here since 1851—not consecutively in the same business. I have been in the grain and lumber business and in the grocery business. I have been nearly twenty years in the grocery business.

Mr. COWGILL. Do you think that there is at this time any depression in labor and business in this city and country? If so, state what, in your judgment, has caused it.

Mr. STEWART. I think that there has been a depression, but there is a recovery from it. My opinion is that the cause of it was the inflation of the currency and the speculation which that inflation stimulated. There is not so much depression now as formerly.

Mr. COWGILL. What, in your judgment, will remedy the remaining evil? Do you think that any legislation by Congress can afford any relief, or do you think that there should be any legislation by the State?

Mr. STEWART. I have a conviction that the object of legislation is the welfare and security of the people. I do not think that any improvement whatever in regard to business can take place through legislation. I think that private affairs will regulate themselves. We are now on a financial basis where every man can ascertain exactly what he is going to obtain for his labor, and how much his wages will procure for him. The object of legislation, in my opinion, is to encourage industry, effort, and intelligence among the people; and no people having a currency that is continually fluctuating, and the value of which at any future time they cannot tell, can be a saving, economical, thrifty people, because I believe that that kind of currency leads to speculation, gambling and vice.

Mr. COWGILL. What is your opinion as to the sufficiency of the circulating medium of the country at this time to answer all the monetary needs of the country?

Mr. STEWART. The law of supply and demand is as strictly applicable to finance as it is to mercantile business, and I can only judge from the rates at which money can be obtained that there is an abundant and superabundant supply of it at the present time. Our needs for money are much greater at some times than at other times, and the supply ought to be left entirely to the demand.

Mr. COWGILL. What is the condition of the laboring classes at this time, so far as your observation enables you to judge, as compared with what it was a year ago?

Mr. STEWART. There is quite an improvement. Those who were at that time idle are now employed, and at remunerative rates, so as to keep them in reasonable comfort.

Mr. COWGILL. What, if anything, do you know about there being a large proportion of the laboring classes here who are unable to get employment?

Mr. STEWART. I think there are very few who are willing to work for such remuneration as will afford them all the necessaries and some of the comforts and luxuries of life who do not find employment readily. There are a number of young men at all times seeking employment in light vocations, where they will be able to wear fine clothes and to do

little. There are probably many of that class unemployed. That kind of help is always abundant, and always has been, in my experience.

Mr. COWGILL. You think that the man who really wants employment, and who is seeking it, can have but little difficulty in obtaining it?

Mr. STEWART. Very little indeed. I do not think there is any surplus or over supply of manual muscle.

The CHAIRMAN. You speak of there being money enough in circulation for the necessities of trade. Suppose there should be a large increase of industries, would the present amount of currency be sufficient to meet that increase?

Mr. STEWART. The amount of money required to transact the business of a country can always be obtained on what it has to offer for the money. Money is a commodity the same as merchandise is, and can be obtained in exchange the same as any other thing that is required. Money ought not to be fictitious; it ought to be actual, and at the same value as that given for it. Our fictitious money, I presume, is what you refer to?

The CHAIRMAN. I refer to its purchasing power.

Mr. STEWART. Its purchasing power depends solely on the faith reposed by the people in its redemption.

The CHAIRMAN. What is the amount of bank capital in this city?

Mr. STEWART. I cannot tell.

The CHAIRMAN. If the business operations of this city were doubled, would you not require an additional increase of currency to meet it, or have you enough currency on hand in any emergency?

Mr. STEWART. There is no such emergency likely to arise as far as there are any prospects discernible at present. If we should meet with another calamity such as we had before in the burning of our city, probably we might require the same help as we then obtained. I do not quite comprehend your inquiry.

The CHAIRMAN. You say that business is prosperous, and that you have money enough to transact it. Suppose the amount of business should double or quadruple, would you then, with the capital you now have, be able to carry on the business successfully?

Mr. STEWART. There is no probability that the business of this city or country would double or quadruple without the necessary enlargement of the financial means to do it.

The CHAIRMAN. Then you assume it as a proposition that the industries of this country throughout the Northwest are up to their full working condition of supply?

Mr. STEWART. I assume that we have abundant circulating medium for the transaction of all the business that we have or that we ever have had, or all that we are likely to have even with a very considerable increase.

The CHAIRMAN. Is not the capacity for the production of cereals and manufactures throughout the Northwest liable to an increase over and above what it is now?

Mr. STEWART. We are a growing country and our future is very great.

The CHAIRMAN. If the products brought to your market were doubled or quadrupled, have you the money in circulation sufficient to carry on the business successfully which that increase would induce?

Mr. STEWART. We do not need to provide ourselves for a long future. Our production of absolute money from the precious metals is continuing in a ratio probably equal to the expansion of our agriculture, and the want of money for the interchange of our commodities is not a like-

lihood whatever. So long as we can fabricate fictitious money which will pass at the value of actual money on the faith of its redemption, it will always be current at par.

The CHAIRMAN. Assuming that the circulation of this country is $700,000,000 (for that I believe is the amount in round numbers, including both legal-tenders and bank-note currency) do you regard that as a sufficient amount of currency for the convenience and accommodation of the trade and commerce of fifty millions of people?

Mr. STEWART. I can only judge of it from existing facts. The fact is that we not only have an abundant but a superabundant supply of money. The rate at which money can be employed is so low as not to afford scarcely any risk whatever in its investment. One of the hindrances (if anything can exist) to the prosperity of the country is that money is so abundant and so low that nothing but the very best security can obtain it. If money were obtaining a fair remuneration for its use, people who are in want of it would easily obtain it. The redundancy of the currency is absolutely a hindrance to a renewed prosperity, if anything is hindering it.

The CHAIRMAN. Then you have more money than you want?

Mr. STEWART. A good deal more of actual and fictitious money. We have about a hundred and thirty-five millions of specie in the Treasury and probably about six hundred millions of paper money in circulation. The fictitious money only floats at par on the faith of its redemption in coin.

The CHAIRMAN. The trouble is that they will not let it out of the Treasury, but it is locked up there, over a hundred millions of it.

Mr. STEWART. What do you mean by their not letting it out?

The CHAIRMAN. Both greenbacks and gold have been locked up in the Treasury.

Mr. STEWART. The only reason why currency floats at par is that the gold is in the Treasury.

The CHAIRMAN. The allegation is that there is a large amount of legal tender locked up in the Treasury, and that it has been there for the last year.

Mr. DICKEY. Congress passed a law requiring the Secretary of the Treasury to keep greenbacks in circulation by paying them out for the necessary expenses of the government and otherwise. The amount of legal-tender money then in circulation was three hundred and forty-six millions. Since the passage of that law a large amount of legal-tender money has been received in the Treasury, and has been kept there locked up, instead of being paid out, as required by law.

Mr. STEWART. I take it for granted that the Secretary of the Treasury is acting not only in compliance with law, but in compliance with the best interests of the Treasury in the execution of the resumption act. I do not suppose that there is any purpose for which the Secretary of the Treasury can pay out that money legally any faster than he does. He pays it out, I suppose, on the requirements of the various departments, and I do not know how else he can pay it out.

The CHAIRMAN. I do not know how that may be. Congress last year appropriated some two hundred and sixty-seven millions of dollars to be paid out of the Treasury. If all the legal-tender money was out and in circulation it might be said that there was currency enough, but as I understand it, the whole amount of the legal-tender currency is not afloat.

Mr. STEWART. That is only a proof that it is not required. If that amount is held in reserve in the Treasury, and if every bank in the

country is loaded down with paper currency, is not that a proof that the people do not require the money or that they have nothing to give for it. I do not understand why it should be in circulation if there is no want for it.

The CHAIRMAN. You would naturally suppose that the appropriation of such vast sums would take as much money as there is in the Treasury.

Mr. STEWART. I am not familiar with the *modus operandi* by which money gets out of the Treasury.

The CHAIRMAN. You are a business man of large experience and skill. How can you reconcile the idea that twelve or fifteen dollars per capita is enough to accommodate the trade and business of this country, when it requires four times that amount to do so in France, where the circulation is $55 per capita?

Mr. STEWART. I had always supposed the French people to be a very economical, thrifty people, and I had no idea that they lived at such an extravagant rate as you say. I do not know anything about what the people in France do. I have heard about what the people of Great Britain do, and they seem to be able to get along and live at a more liberal rate than the people of France are supposed to do, and yet at the same time they have no such amount of currency.

The CHAIRMAN. They have $24 per capita in England, $55 in France, and $15 in the United States.

Mr. STEWART. I am afraid you are theorizing. I can only speak from actual facts. We know that we have got more currency than we want. We cannot use it; we are loaded down with it. If I do not choose to live at the rate of more than $1,000 a year, it is none of my business if somebody else is living at the rate of $50,000 a year.

The CHAIRMAN. Would it not be politic to reduce the amount of currency?

Mr. STEWART. I think it would be politic to reduce this fictitious money. It has a value only in proportion to the prospects of redemption. Its redemption is now assured, and hence it is at par. Just in proportion as the prospects of its redemption advanced to a surety, it approached par.

The CHAIRMAN. What percentage of currency have we in excess of our demand?

Mr. STEWART. I have not figured it out. I know that we have more than we want. I know that capital is going a begging, and wherever it can find available security it is loaned at very low rates of interest, rates that are unprecedented, unheard of. Money was actually lower in this country last spring than it was in Great Britain or France.

The CHAIRMAN. Then you think it would be wise to contract the volume of currency?

Mr. STEWART. I do—the volume of our paper money, and to let out our actual money. I would let the actual money get into circulation. Gold is a commodity, the same as any other article. The products of the mines, farms, fisheries, or anything else, have a current value, and that value is simply that at which one will exchange for the other. This paper money had no value except the prospects of being able at some time to buy this other money or commodity at the same rate.

The CHAIRMAN. Does not the credit of the Government of the United States give paper money more than a fictitious value?

Mr. STEWART. The credit of the United States is what inspired faith in the ultimate redemption of this paper money.

The CHAIRMAN. You speak of it as having a fictitious value?

Mr. STEWART. Of course it has no value.

The CHAIRMAN. I do not speak of what the paper is worth per bale.

Mr. STEWART. But that is precisely its value.

Mr. O'CONNOR. Suppose that the government had not a dollar of coin in its vaults, do you mean to say that legal-tender notes would be worth nothing?

Mr. STEWART. I do not mean to say that they would be worth nothing. They would be worth just what the people believed they would be worth at the time they would be paid. It depends upon their quantity. The more you give out the lower they go. The more you water the volume of currency the poorer it is.

Mr. O'CONNOR. You do not doubt that the legal-tender currency of the country would have a value if there wasn't a single dollar of specie in the vaults of the Treasury to redeem it with?

Mr. STEWART. I do not deny that it would have some value. There was very little specie in the vaults of the Treasury for a long time, and then the paper money was very much depressed.

The CHAIRMAN. What effect do you think the passage of the specie resumption act has had on the business of the country?

Mr. STEWART. The passage of the specie resumption act which happened in 1875, to take effect in 1879, was simply a reassurance that we would come to a position where we knew exactly what we were dealing in.

The CHAIRMAN. Fixing a new starting point?

Mr. STEWART. Yes; and fixing an immutable measure of values.

The CHAIRMAN. Has that act operated favorably on trade here?

Mr. STEWART. Not immediately, because in anticipation of it a great adjustment had taken place in values so as to comply with what was anticipated would actually take place.

The CHAIRMAN. Is specie resumption regarded here as a fixed fact?

Mr. STEWART. It is.

The CHAIRMAN. Is the law carried out in any of its features? Do business men present paper money at banks and receive coin for it? Suppose you want to convert $20,000 of legal-tender notes into gold, is there gold enough in the city of Chicago to meet that demand?

Mr. STEWART. Yes; there would be no difficulty in getting it.

The CHAIRMAN. Since when?

Mr. STEWART. Since the first of January. You can get it at any time in the sub-treasury.

The CHAIRMAN. Have you had occasion to convert paper into gold at any time since the 1st of January?

Mr. STEWART. Yes; I have sent to the sub-treasury and got gold.

The CHAIRMAN. Did you ever obtain gold from a bank?

Mr. STEWART. No, sir; our national banks are not under the necessity of carrying gold. It is one of the singular features of the resumption act that the banks can redeem in greenbacks, but the greenbacks are redeemable in gold.

The CHAIRMAN. What is the extent of the resumption law as you understand it? Does it apply only as between the government and depositors

Mr. STEWART. It is a little indirect, as I understand it. A bank on presentation of its emitted bills would in all probability redeem them in United States legal-tender notes. We have a legal-tender currency still imposed upon us by law.

The CHAIRMAN. If the bank had not legal tenders, would it pay in gold on demand?

Mr. STEWART. I have no doubt it would.

The CHAIRMAN. Have the banks the gold to do so?

Mr. STEWART. They would have it. If they had not got it, they would prepare themselves with it. One of the strange features of the resumption act is the continuing in circulation this paper of the government which is a legal tender yet. When it is redeemed by the government, it is simply a roundabout way of obtaining the specie itself.

The CHAIRMAN. When you say that any man can procure employment here who has a disposition to work, do you speak from personal knowledge of that fact, or do you gather it from information derived from those with whom you associate?

Mr. STEWART. To some extent from my own knowledge and from my own observation. I find that my men are being sometimes offered better inducements elsewhere. For the last two years no man has had any complaint to make that he could not ask for an advance of pay. Now I find that some of my men find opportunities to get better positions.

The CHAIRMAN. You speak from the demand for labor in your own line of business, not with reference to other industries in the city?

Mr. STEWART. I can only speak from my own observation.

Mr. DICKEY. You speak of a recovery from depression in business; do you confine yourself to Chicago, or do you mean it to apply to the whole country?

Mr. STEWART. My acquaintance does not extend over the whole country. I speak more particularly of the Northwest.

Mr. DICKEY. Explain to the committee how you account for this recovery from the depression which formerly existed. What has brought about the recovery?

Mr. STEWART. The causes of the depression were probably, as I said before, the inflation of the currency and speculation, and the industries growing out of that speculation, one of which was the vast extension of railroad improvements. On the explosion of the bubble of speculation in 1873, a good many hundreds and thousands of people were thrown out of employment, directly or indirectly, from the cessation of railroad improvement; and I attribute the increasing improvement from the depression caused by that to a readjustment of the labor of the country. Those who were employed in all those avocations have found new fields of labor, particularly in the West and Northwest. Our Territories are filling up. That outlet has relieved the community where these people were previously employed in the different kinds of business that were suspended by the panic.

Mr. DICKEY. Then you regard the readjustment of the labor system and of the business system of the country as the cause of the improvement in business?

Mr. STEWART. Yes, sir.

Mr. DICKEY. Do you attribute any of the improvement in the business and labor of the country to legislation? Has the legislation of the country affected in any way the business so as to improve it?

Mr. STEWART. I do not think that legislators have done much for it.

The CHAIRMAN. Legislation gave you the whole greenback currency.

Mr. STEWART. And the redundancy of it was the cause of the difficulty.

Mr. DICKEY. Was it not legislation that gave the redundancy of currency?

Mr. STEWART. Yes, sir.

Mr. DICKEY. Do you not think that legislation has in some way or other contributed to the recovery from this depression and redundancy?

Mr. STEWART. I am not aware of it in any way except so far as I look forward to a correction of the redundancy of the currency, that is, by the resumption of specie payments.

Mr. DICKEY. Then the resumption act was valuable?

Mr. STEWART. Yes. That was only a correction of previous legislation.

Mr. DICKEY. Had the remonetization of silver anything to do with the improvement?

Mr. STEWART. No, sir; I think not.

Mr. DICKEY. Are you a bi-metallist or a mono-metallist, or are you in favor of a whole metallic system? Do you think that the money ought to be all gold and silver?

Mr. STEWART. No, sir; I am in favor of just as much paper money as can be redeemed.

Mr. DICKEY. Would you have paper money issued by the government?

Mr. STEWART. No, sir; I think that when paper money is issued by the government there is too much temptation to tamper with it. What the people of the country need is assurance of permanency in its measure of values.

Mr. DICKEY. What can give that assurance? In what body of men would you place the power to issue money in order that the people should have that assurance? Would you put it in corporations or in Congress, or where would you rest this power to issue paper money?

Mr. STEWART. That I am not prepared to answer.

Mr. DICKEY. The power would have to rest somewhere would it not?

Mr. STEWART. Yes. Reference has been made here to France, and I simply wish to state that every paper dollar emitted by the Bank of France has a dollar of specie behind it to redeem it. That is the circulation that I would have.

Mr. DICKEY. You would have dollar for dollar in the vaults of the Treasury to redeem every paper dollar issued.

Mr. STEWART. Yes; I would.

Mr. O'CONNOR. There has been a decline in the business and labor of this city.

Mr. STEWART. Yes.

Mr. O'CONNOR. When did that decline set in?

Mr. STEWART. It set in here on the explosion which I mentioned in 1873—usually called a panic.

Mr. O'CONNOR. There were no symptoms of it before that?

Mr. STEWART. O, there were, of course. The patient, inebriated for ten years, had become a little sick, and of course when the final explosion came it was simply the culmination of the sickness. There was a reticence on the part of business men as to becoming engaged in future operations based on the then existing values.

Mr. O'CONNOR. You say that the commencement of the decline in business and prosperity in Chicago was in 1873, when the panic broke out?

Mr. STEWART. Yes.

Mr. O'CONNOR. Did that decline go on increasing?

Mr. STEWART. We are a growing country, and I do not think there was any great decline in the volume of business.

Mr. O'CONNOR. Was there not a constant down-grade in prices from that time to 1878?

Mr. STEWART. Yes; I think there was a nominal depreciation in prices from that time to 1878. If our volume of currency be in the neighborhood of seven hundred millions, that seven hundred millions

will measure more than double the amount in materials or in railroads that it would measure at the time the explosion took place. Hence it is equal to a fourteen hundred million dollar currency at this time.

Mr. O'CONNOR. That is your idea?

Mr. STEWART. Yes; I know it in my line of business. Money has appreciated to that extent.

Mr. O'CONNOR. And the value of property has depreciated to that extent?

Mr. STEWART. O, no; it has been simply an appreciation of the money. Our values are now similar to what they are in other countries. We were floating along on fictitious values.

Mr. O'CONNOR. But there is no doubt that the prices of property have been going down as the value of money has been going up. If on the 1st of January, 1873, you owned a house in the city of Chicago that was worth $50,000, and if on the 1st of January, 1877, that house was worth only $20,000, you would not think yourself as rich in 1877 as you had been in 1873?

Mr. STEWART. If I own the house I have the same property.

Mr. O'CONNOR. Suppose that you had on that house a mortgage for half its value, say $25,000, and that on the 1st of January, 1877, that property, in consequence of the depreciation of values and of the appreciation of money, was worth $5,000 less than the amount of the mortgage, would you still say that you are as rich in 1877 as you had been in 1873?

Mr. STEWART. I would be sorry for the mortgagee; he would be in a bad fix. If this committee is laboring under the impression that values are fixed, it will probably find out its mistake. There is a continual change. That which is is only the thing that is not likely to be. The fluctuation of values is one of the elements of all wealth except the precious metals themselves; for gold, of course, is the standard of all else.

Mr. O'CONNOR. Do you think that it is the duty of the government to legislate such changes of values in the interest of one class and to the ruin of another class?

Mr. STEWART. Certainly not. I do not think that it is the business of government to legislate for the interest of any one class to the injury of any other class.

Mr. O'CONNOR. On the 1st of June, 1866, we had seventeen hundred or eighteen millions of paper money afloat in this country, and the prices of all property were graduated according to the amount of that circulation. Do you think it a wise and reasonable and just act on the part of the government to reduce by legislation that volume of circulation by two thirds, thereby impairing the value of all property by two-thirds?

Mr. STEWART. That question is probably not entirely ingenuous.

Mr. O'CONNOR. I mean it to be so if it is not.

Mr. STEWART. The government in a great emergency, doing what it undoubtedly considered to be necessary for its salvation and for the protection of the whole property, as well as of the lives of the people, legislated by making a paper currency. It emitted it in very large volumes. It emitted it until its value was not more than forty cents on the dollar. The value of property, of course, gradually appreciated; that is, it adjusted itself to a 40-cent dollar. It did not stop when the depreciation of the dollar stopped. And when its recovery commenced the speculation in property did not cease but kept on and increased. It was set in motion by this inflation, and it kept on, not till the close of 1873, but

certainly till the close of 1872—a year previous to the panic. Then values fell about 50 per cent. They had increased from 1861 to 1872 far more than at that rate. We had not got back to our normal condition in 1873, nor had we got back to it until probably 1878, when the approach of specie payment was assured. That is the only thing that brought us back to our normal condition.

Mr. O'CONNOR. Do you not think that the business of the country could have grown up and maintained a perfect stability until the currency had gradually come to a par in gold, without the contraction of the currency which took place?

Mr. STEWART. There was very little contraction of the currency. Though you speak of a volume of seventeen hundred millions in 1866 I am not aware of any such amount of currency. The limit of legal tender currency was four hundred millions, and we have still three hundred and forty-six millions of it. I am assured that we have more currency in proportion to our values and to our business wants to-day than we ever had before. There was no time between 1861 and 1879 when money could be obtained at such low rates as since the 1st of January, 1879.

Mr. O'CONNOR. Money has become so dear, that instead of money buying property, property has to buy money. The functions of money have been reversed. Money has become very dear, and everything else has become very cheap. In Mr. Sherman's Mansfield speech, several years ago, he set down the various issues of currency (including the 5 per cent. compound interest notes, the 7-30 notes, and all other notes), exclusive of the bonded debt, at seventeen hundred or eighteen hundred millions. The circulation is, to-day about seven hundred millions. At the period when seventeen hundred or eighteen millions of currency were afloat, of course all prices were adjusted according to that basis of circulation. What I want to ask you is this: whether, under a wise policy the business of the country could not have grown and expanded so as to maintain that amount of currency afloat, and whether that currency would not have gradually advanced to par with gold without any contraction?

Mr. STEWART. It might in the course of the next generation or two. However, I will state, as a business man, that for the best interests of the people, there never was probably a wiser act than the resumption act, long as it was delayed, and greatly as the national honor had suffered by the delay. The value of the currency was fluctuating every day and every hour of the day. The people who had anything to sell were taxed to the extreme limit of the fluctuations against them—not only as against our exports to foreign countries, but as against our dealing among ourselves. Every transaction was taxed in duplicate. One of the greatest curses that the country ever had or ever can have, was that fluctuating currency. No evil ever was inflicted on the people equal to the evil of that fluctuating currency. It has made my hair prematurely gray.

The CHAIRMAN. It has not impaired your mind any?

Mr. STEWART. I have had to suffer from it many restless nights, because it involved issues that were always vital to me and my business.

Mr. O'CONNOR. Was not the greenback constantly appreciating in value from the close of the war down to 1875, when the resumption act was passed, except at the time of the corner in gold made by Fisk, in 1869?

Mr. STEWART. No, sir; it fluctuated perpetually.

Mr. O'CONNOR. Was not gold selling at 109 on the very day that the resumption act was passed?

Mr. STEWART. Gold was selling, probably, at about 109. In 1873, however, it was selling at 106. In 1870 it was selling at 109. It was nearly 120 during the Franco-Prussian war. We were subject to those fluctuations. It did not recede for a year to where it had previously been. It was constantly fluctuating. There were probably not two consecutive days on which it opened and closed exactly the same. That was a curse to the people. The object of legislation should be to encourage thrift, industry, virtue, intelligence, and comfort among the people. It should not be to encourage gambling, speculation, and vice. The social extravagance engendered by inflation had a large share in causing the panic. We had spent enormously on foreign fabrics and on other luxuries, which we latterly could not do. Hence we found ourselves in an unenviable condition. What has the resumption act brought about? It has brought about a degree of industry never witnessed among any people. By our exports we have redeemed a large part of that which in our inebriated condition we frittered away.

Mr. O'CONNOR. At what time did this recovery in the prosperity of Chicago begin to take place?

Mr. STEWART. We have been gradually recovering for nearly a year.

Mr. O'CONNOR. Since the passage of the act for the remonetization of silver?

Mr. STEWART. Yes; it has been principally since resumption itself has become an established fact—since the operation of the act on the 1st of January, 1879.

Mr. O'CONNOR. Not prior to that?

Mr. STEWART. We remained in a state of uncertainty. Resumption was not yet an assured fact, and hence the uncertainty and suspense kept us in a depressed condition.

Mr. O'CONNOR. Has not the decline that existed in the prosperity of Chicago checked the course of immigration which had been pouring into your city in previous years (say from 1860 to 1870). Has not the rate of immigration for the last ten years been much less than for the preceding ten years?

Mr. STEWART. Possibly that has been so.

Mr. O'CONNOR. Do you not know that that is a fact?

Mr. STEWART. Yes; I know that the whole country received fewer immigrants within the last ten years than it had done during the time when we were borrowing money from all the world and spending it so liberally. Of course many came here to get a share of it.

Mr. O'CONNOR. Are there as many men out of employment now as there were in that flush era which you call the era of extravagance?

Mr. STEWART. I do not think that there are any more unemployed. I think that probably many have resumed labor who were then engaged in speculation, in living by their wits. I think that many of them have returned to honest industry.

Mr. O'CONNOR. You do not think that there are more men out of employment now than there were between 1860 and 1870?

Mr. STEWART. I do not think there are many more. Our industrious population is rapidly getting into line of work. There are not a great many unemployed people in the Northwest now. I know that there is a demand for labor at the present time in agricultural pursuits that cannot be supplied.

Mr. O'CONNOR. You are giving your statement from your experience as a citizen of Chicago?

Mr. STEWART. Yes.

Mr. O'CONNOR. Have you ever seen the southern section of the country?

Mr. STEWART. I have.

Mr. O'CONNOR. Have you been there within the last seven or eight years?

Mr. STEWART. Yes; I have been there two or three years ago. I used to go every year to the South, to New Orleans.

Mr. O'CONNOR. Did you find things prosperous in the South when you were last there?

Mr. STEWART. No, sir.

Mr. O'CONNOR. Have you been to the East?

Mr. STEWART. Yes.

Mr. O'CONNOR. Did you find things prosperous there?

Mr. STEWART. I did not think they were in a state of starvation.

Mr. O'CONNOR. Did you not hear among the merchants of New York the cry of "hard times," some years since?

Mr. STEWART. Yes; they used to complain.

Mr. O'CONNOR. And you heard the same cry in Boston and Philadelphia?

Mr. STEWART. Yes; but you know that it is the privilege of free speech to grumble.

The CHAIRMAN. You found the East in a flourishing condition as respects its cotton and woolen manufactures, but you found prices from 50 to 75 per cent. lower than they ever were before.

Mr. STEWART. Yes; they have come back to nearly normal prices. What gave an impetus to a return to employment of our idle industries was an outlet for our products and at such prices as that other people would take them. We had got to come in competition with other nations.

The CHAIRMAN. Did the prices of your commodities here come down correspondingly with the prices of commodities at the East?

Mr. STEWART. I do not know. It depends upon what basis of come down or go up you take. There is no established rate that you can put on anything as a criterion.

The CHAIRMAN. You know that in Lowell and Lawrence, and in other great cotton and woolen manufacturing towns of Massachusetts, they are making goods now at much less price than ever before?

Mr. STEWART. Yes.

The CHAIRMAN. Has there been a corresponding fall in prices of the commodities which the West sells to them?

Mr. STEWART. No, sir; they are low, but not lower than ever before.

Mr. SHERWIN. Now, as to bank accommodation. It has been stated here that it is impossible to get accommodation at the banks of this city without putting up collaterals greatly in excess in value of the amount to be borrowed. I would like to know what your observation is in regard to that?

Mr. STEWART. There is no greater difficulty now than there has always been at the banks. The banks have always exercised a good deal of discretion and care in the discount of paper. They necessarily have to do so. All that they get is the piece of paper with the inscription. Paper with two good names on it can be discounted here to-day at 5 per cent.

The CHAIRMAN. You can get all you want on your own name, I suppose?

Mr. STEWART. No, sir; because the banks have a rule requiring two

names. Private banks discount paper with single names, but the national banks are not permitted to do so. I can get all the money I want at 4½ per cent.

Mr. SHERWIN. How large an area does your trade extend over in the West?

Mr. STEWART. From Salt Lake to the middle of Michigan and down to the middle of Indiana. It does not extend much into Texas. It covers a large area.

Mr. SHERWIN. All the Northwest and some of the Southwest?

Mr. STEWART. Yes.

Mr. SHERWIN. From your knowledge derived from dealing with your customers through that area, what is their condition compared with a year ago?

Mr. STEWART. The condition of the trade in the Northwest is much healthier, and one of the reasons is the abolition of the bankrupt act, which was simply a temptation to dishonesty and fraud. The abolition of that act was wise legislation. We have but very few failures, and we can rest with a good deal more sense of security in our accounts than we have been able to do at any time since 1872.

The CHAIRMAN. Are you a native-born citizen?

Mr. STEWART. No, sir; I am a Scotchman.

Mr. MARTIN. You think that the repeal of the bankrupt act has been beneficial to the business interests of the country?

Mr. STEWART. Yes; I think that a bankrupt act would be a good thing; but a bankrupt act which stood simply as a temptation to dishonesty and fraud was a very bad thing. A bankrupt act framed for the real good of honest debtors would be a good thing. But that act was a villainous aid to fraud.

Mr. MARTIN. A good many people were better off when they came out of bankruptcy than they were when they went in?

Mr. STEWART. Yes.

Views of Mr. O. W. Potter.

Mr. O. W. POTTER came before the committee at its invitation. He said in reply to preliminary questions: I am connected with the North Chicago Rolling Mill Company, which is engaged in the manufacture of iron and steel; I live in this city; our business is connected wholly with the West and Northwest.

Mr. COWGILL. What number of men are employed in that company?

Mr. POTTER. We have about 4,000 employed under the corporation.

Mr. COWGILL. What are the facts about there being any depression in the business of the country at this time, in your judgment, and if there is any depression, what caused it, and if you know any remedy for it you will also state it?

Mr. POTTER. So far as depression in our business is concerned, we never have been as busy since we were a corporation as we are now.

Mr. COWGILL. State the extent of your business.

Mr. POTTER. For our fiscal year ending the 1st of July last the business was nearly six and a half million dollars. In volume of business we have never had so much to do as we have now.

Mr. COWGILL. How is it as to your business being remunerative as compared with former times?

Mr. POTTER. The margin of profits is smaller, but the volume of business is larger.

Mr. COWGILL. Is the volume sufficiently large to equal the profits of your business when you had a better profit on what you did?

Mr. POTTER. No, sir; but the margin of profits is reasonably satisfactory. But the condition of things which exists to-day cannot prevail much longer, because the low prices of labor and of raw material will not continue. There will be an appreciation of those prices within the next twelve months.

Mr. COWGILL. What is the fact about there being a lack of employment for the laboring classes of the country?

Mr. POTTER. So far as we are concerned, we are having some difficulty in getting men enough to do the work which we have to offer them.

Mr. COWGILL. Is it skilled labor that you have difficulty in procuring or is it common labor?

Mr. POTTER. Our greatest difficulty is in getting the common labor.

Mr. COWGILL. What difficulty is there, so far as you know, in commanding sufficient money to do the business of the country?

Mr. POTTER. Just now there does not seem to be a lack of sufficient money to do the business, so far as we are concerned.

Mr. COWGILL. Do you know of any business where there is any prudent investment being made, or any business which the requirements of the country demand, where there is not a sufficient amount of money to carry it on?

Mr. POTTER. We have had no such experience, and I know of none. Men who are managing their business economically, and whose own habits are economical and conservative and prudent, can get all the money they want to conduct their business.

Mr. COWGILL. If you think of anything else which you desire to state, you may state it.

Mr. POTTER. I do not know that I have anything particular which I desire to say. In our own particular line of business we have had very strong competition. There has not been work enough to keep all the laboring men employed. The prices have been very low, and the wages of labor have been reduced correspondingly. They are reduced now to that point that, with the increase of business, the laborers have got to be paid more wages. It is clear in our own department now, that our laborers not only ought to get more, but that our business will have to be so managed that we can give them more. There must be an appreciation of prices. We feel that the laboring classes in our own particular branch of business have been, for the last two years, reduced to the lowest possible ebb at which men can live, and that it is our duty as employers to see to it that they get better pay from this time forward, if our business can warrant it.

Mr. COWGILL. What, in your judgment, is the prospect that the business of the country will warrant an increase of wages in common labor?

Mr. POTTER. I think there is everything to indicate that the common laborer can be, and ought to be, better paid, and that the business and general condition of the country will warrant it.

Mr. COWGILL. Is it not a fact that the increase of business, the demand for the various kinds of manufacture and of productions of all kinds, is such that it will create competition for that kind of labor, which competition must unquestionably increase the price paid to the laborer?

Mr. POTTER. I think so.

Mr. COWGILL. In your judgment, can the condition of the country in regard to those things that we have been talking about be benefited by any legislation that you think of? Do you think that Congress can enact any law that would bring more prosperity, that would give more life to business and more employment to labor?

Mr. POTTER. I think that one great evil which we have had to meet in the last four or five years has been the extensive credit system on which business has been done. Men have been overtrading and living beyond their means. I think we are now coming to that point that a man having $25 a month will learn to live on $23, and a man having $1,000 a year will learn to live on $900 a year, and a man having $5,000 a year will not spend $7,000. That has not been so in the past. I believe that a majority of the people in this country have been living beyond their means. I think that the repeal of the bankrupt law will make a great difference. I think that with all classes learning to live within their means, we will not be troubled so much as we have been about hard times. There has been an era of extravagance which we are getting out of.

Mr. COWGILL. Do you think that any law which Congress will pass will benefit the condition of the country?

Mr. POTTER. So far as our own particular business and those collateral to it are concerned, I do not see that Congress can enact any law which will make any difference to us. Business is going on appreciating constantly. There seems to have been a better condition of things inaugurated, and, in my judgment, that condition will continue.

Mr. COWGILL. If you think of anything else we would be glad to hear your views upon it.

Mr. POTTER. I feel that one thing has been wrong in this country, and that is our immigration laws, which throw the doors open wide to receive the paupers and criminals from other countries to an extent which has made a great deal of trouble in this country. I think it is time that Congress should draw the line somewhere in regard to immigration to this country. I believe that criminals and paupers should be kept in their own countries, and, that if any discrimination is possible, it should be in the direction of favoring the immigration of those who can earn their own living. Another thing that is wrong is to allow prison convict labor to come in competition with other classes of labor. The idea of allowing a man to contract for prison labor at 25 cents and 30 cents a day and to compel honest men to compete with that kind of labor is perfectly infamous.

Mr. DICKEY. Congress did pass a law restricting the immigration of Chinese to this country, but that law was veto d by the President. Have you ever given any attention to the question of Chinese immigration?

Mr. POTTER. Very little, except that I think that the President did right in vetoing that bill. Still I think that a law ought to be passed to prevent Chinese immigration to this country.

Mr. O'CONNOR. On what ground do you justify the veto of the Chinese immigration bill?

Mr. POTTER. On the ground of the Burlingame treaty. I thought the act a violation of the treaty stipulations, and I thought the President did right in vetoing it. Still, I think that Chinese immigration should be prohibited.

Mr. MARTIN. If there was no treaty on the subject, would you then justify the President in vetoing that act?

Mr. POTTER. No, sir; I should say that he ought not to veto any law that Congress would enact prohibiting the immigration of Chinese here.

The CHAIRMAN. In the employment of men in your works, do you require more hours of labor at your present rates of wages than you did before?

Mr. POTTER. No, sir; the hours of labor sre the same that they have

always been. A good deal of our work, however, is piecework—ton work.

The CHAIRMAN. Are your rails made by the ton?

Mr. POTTER. Yes, very largely; I should think that seven-tenths of our men are on piecework.

The CHAIRMAN. Had you previously worked by the piece?

Mr. POTTER. Yes, so much a ton.

The CHAIRMAN. What are rails worth at your establishment?

Mr. POTTER. Steel rails are worth $45 a ton.

The CHAIRMAN. And iron rails?

Mr. POTTER. About $38.

The CHAIRMAN. Where is your market for them?

Mr. POTTER. Entirely in the West and Northwest.

The CHAIRMAN. None of them go East?

Mr. POTTER. No, sir.

The CHAIRMAN. What is your pig-iron worth?

Mr. POTTER. Pig-iron for Bessemer steel purposes is worth from $22 to $24 a ton.

The CHAIRMAN. That is for steel rails?

Mr. POTTER. Yes.

The CHAIRMAN. Is it made from charcoal or from bituminous fuel?

Mr. POTTER. From both.

The CHAIRMAN. Which kind commands the best price?

Mr. POTTER. There is but very little difference. We should discriminate in favor of charcoal metal if made from the same ores. It is principally made from Lake Superior ores.

The CHAIRMAN. Do you buy none of your commodities from Pennsylvania?

Mr. POTTER. Very little.

The CHAIRMAN. In your opinion, is there currency enough to discharge all the necessities and wants of your trade?

Mr. POTTER. Yes, sir.

The CHAIRMAN. You would not have any more money added to the currency?

Mr. POTTER. We have no difficulty in getting all we want.

The CHAIRMAN. If you should become more prosperous, would you require any more circulation?

Mr. POTTER. I do not know that I can answer that question. We have the money to meet all our requirements.

The CHAIRMAN. Do you buy for cash?

Mr. POTTER. Yes.

The CHAIRMAN. Do you call it thirty days?

Mr. POTTER. No.

The CHAIRMAN. Do you sell for cash?

Mr. POTTER. Yes; whatever products we sell in one month are settled for on the 10th of the next month.

The CHAIRMAN. Are there any other large iron mills about Chicago?

Mr. POTTER. Yes; there are three or four. There is one at Springfield, one at Joliet, and two others in Chicago.

The CHAIRMAN. Are they carried on as extensively as yours?

Mr. POTTER. Not to the same extent, but largely.

The CHAIRMAN. You spoke of a very great depression of labor for four or five years back.

Mr. POTTER. Yes; there has been practically great depression.

The CHAIRMAN. Do you think that the time has arrived when you are on a pretty safe basis of prosperity?

Mr. POTTER. Yes; it has that appearance to us.

Mr. SHERWIN. Have you any views to present on the question of eight hours?

Mr. POTTER. I think that that question would cure itself so far as we are concerned; I think that if the eight hour system were adopted our men would not get off their ton work to the extent that they do; and I think that it would simply result in men being paid by the hour. So far as our men are concerned they would work ten hours a day.

The CHAIRMAN. When they are paid by the piece I suppose they can work as many hours as they please?

Mr. POTTER. No, sir; if a man works two hours a day and then goes home, we should understand that our machinery should not stop.

The CHAIRMAN. Suppose he wanted to work for twelve hours instead of ten?

Mr. POTTER. That would not be practicable either, because we have an hour to begin work and an hour to end. Some of our men may get through an hour or an hour and a half before others. There is a stipulated amount of work which they are to do when they work by the ton, which is called a day's work.

The CHAIRMAN. Do they work in gangs?

Mr. POTTER. Yes; so many rails are to be got off for a day's work.

Mr. SHERWIN. You think that if there was legislation making eight hours a day's work, that would not prohibit men from working more hours?

Mr. POTTER. I think that the majority of men would work ten hours a day.

Mr. SHERWIN. Because they would get more pay?

Mr. POTTER. I do not know any reason why men should not work ten hours instead of eight.

Mr. SHERWIN. For the same pay?

Mr. POTTER. I do not think you should pay a man the same price for eight hours as for ten. I do not think that the laboring classes are in the shape for that reduction.

Mr. SHERWIN. Could you manufacture profitably with eight hours' labor and ten hours' pay?

Mr. POTTER. No; it would result in a condition of things which would be pretty sure to make a good deal of trouble.

Mr. SHERWIN. What is the cause of the increased demand for the product of rolling mills?

Mr. POTTER. In our particular case, and I think in that entire branch of the business, the cause of the increased demand is the change in the building of railways and the repairs that are going on. There is a great amount of railway building going on now. All the works in our line of business in the country have all the work that they can do.

The CHAIRMAN. The railroads are substituting steel for iron, are they?

Mr. POTTER. We shall make more iron rails this year than we have made for the last four years, and we shall make more steel rails than ever before.

The CHAIRMAN. I thought that all new rails that were put down were steel.

Mr. POTTER. A good many engineers seem to advocate the policy of laying down iron rails on new lines of railroad until the road-beds get settled, because the bed of a new road cannot be kept in good condition, and the rails will become twisted and bent and out of shape. The plan is to lay down iron rails at first and keep them down for four or five years

until the road-bed gets settled and in better condition, and then to substitute steel rails.

The CHAIRMAN. Is the steel rail useless after it has been taken up?

Mr. POTTER. No, sir; it is remelted and used to a large extent.

The CHAIRMAN. Can it be used after twenty years' service?

Mr. POTTER. That depends upon the weight of the engine and the amount of tonnage passing over it.

Mr. SHERWIN. Is there an unusual extension of railroad building this year?

Mr. POTTER. Yes, sir.

Mr. SHERWIN. When did that revival commence?

Mr. POTTER. It began showing itself pretty plainly last year, and has shown itself this year to an extent that nobody had any idea of.

Mr. SHERWIN. Do you think that the resumption of specie payments has had anything to do in retarding business?

Mr. POTTER. Not at all. I think the effect of it has been to settle this currency question so that men have felt that they knew what the currency was.

Mr. SHERWIN. Then you would say that the resumption act was beneficial in that regard?

Mr. POTTER. I certainly think so. I cannot think that the resumption of specie payment has been an injury to the prosperity of the country since resumption began, but I believe that it has been a benefit by reason of its settling values, and because people have known since then what they were about.

The CHAIRMAN. As regards practical results, do you not consider the resumption act a dead letter on the statute-book?

Mr. POTTER. No, sir; I do not.

The CHAIRMAN. In what way has it manifested itself so as to improve the condition of industries?

Mr. POTTER. Simply by the improving of them.

The CHAIRMAN. What is the moving power of the improvement? Is it that the resumption act is a kind of sheet anchor to business?

Mr. POTTER. Yes, sir.

The CHAIRMAN. It is not the conversion of paper into coin?

Mr. POTTER. No, sir.

Mr. DICKEY. There are a number of labor-unions in this city, are there not?

Mr. POTTER. I believe there are.

Mr. DICKEY. Do the men whom you employ belong to those unions, or are they men who have to leave the unions in order to get employment?

Mr. POTTER. I think they very largely belong to the unions.

Mr. DICKEY. How far from the city are your works situated?

Mr. POTTER. About three miles from this room.

Mr. DICKEY. Do these labor-unions here tend to better the condition of laboring men, or do they interfere with business and retard the welfare of the laboring men?

Mr. POTTER. I do not know that I can answer that question. I have felt opposed to trades unions until within a year or two, but I begin to doubt whether they may not be a benefit to us as a corporation. I do not believe that the trades-unions are any injury at all to our corporation.

Mr. DICKEY. Are they an injury or benefit to the laboring men generally who belong to them?

Mr. POTTER. I do not know that I can answer that question.

Mr. O'CONNOR. What did you pay to your heaters prior to the panic of 1873 in proportion to what you pay them now?

Mr. POTTER. I should think that we paid them then from 30 to 40 per cent. more than now.

Mr. O'CONNOR. The Joliet rolling mills have had a collapse or failure, have they not?

Mr. POTTER. I believe so.

Mr. O'CONNOR. What was the cause?

Mr. POTTER. I do not know, except very largely the system of credit which I spoke about awhile ago.

Mr. O'CONNOR. When did that smash take place?

Mr. POTTER. I think in 1874 or 1875.

Mr. O'CONNOR. That was a heavy crash.

Mr. POTTER. There was considerable money lost there, I believe.

Mr. O'CONNOR. You said that you would favor the enactment of a law by Congress limiting immigration to this country.

Mr. POTTER. Discriminating; I would not say limiting.

Mr. O'CONNOR. Would you legislate for the exclusion of all paupers, and keep a man out of this country just because he was poor?

Mr. POTTER. No; I do not know that I would say that.

Mr. O'CONNOR. Very few people come here unless they are poor.

Mr. POTTER. But it is the class of people that are not poor that we want to have come here, and who, I think, can be induced to come. Of course it is no crime in a man to be poor. There may be reasons why people are paupers on the other side, but I think there is no question that many of the idle and criminal classes on the other side have been sent here, and these people come in competition with our laboring classes here. I think that our government should take steps to discriminate against the immigration of the idle and criminal classes from abroad, and should not allow them to come here.

Mr. O'CONNOR. It would be very difficult, however, for our government to establish any rule of discrimination.

Mr. POTTER. I think there could be a way found by which that undesirable element of immigration can be kept out.

Mr. O'CONNOR. Would you estimate the value of an immigrant by the amount of money he brought here?

Mr. POTTER. No; but I think there can be evidence obtained from the other side in regard to the idle and criminal classes, and that it can be got from our consular officials there.

Mr. O'CONNOR. Between 1875 and the 1st of January, 1879, during the period of our progress to resumption, and while we were marching on to the point of resumption, was there not a continual down grade in prices?

Mr. POTTER. Yes, sir.

Mr. O'CONNOR. And the back-set to that movement has taken place since we have got down to what is called hard pan?

Mr. POTTER. Yes.

Views of Mr. Jesse Spalding.

Mr. JESSE SPALDING came before the committee in response to its invitation. He stated, in reply to preliminary questions: My business is lumbering; the establishments in which I am interested are in Menomonee, Wis., and Green Bay, Mich. We bring the lumber here, and market it from here throughout Iowa, Kansas, Nebraska, Missouri, Illinois, and Indiana.

Mr. SHERWIN. How many men do you employ?

Mr. SPALDING. For about five months in the year we employ at the two places about 700 men. For the rest of the year we employ 350 or 400 men. About 150 of them are employed here.

Mr. SHERWIN. State your opinion as to the condition of the lumber business.

Mr. SPALDING. There is more demand for lumber this last year than there was previously. The price is no higher. There has been a slight advance within the last ten days of perhaps 50 cents a thousand. Our shipments of lumber from this market to the various points mentioned were 70,000,000 feet greater from the 1st of July, 1878, to the 1st of July, 1879, than for the preceding year. The demand for lumber has evidently increased. The condition of the people to whom we sell lumber throughout those states seems to be better. They are more prompt in their payments than they were last year or the year before, or any other year since the panic.

Mr. SHERWIN. Did you notice any marked effect upon your business from the operation of the resumption act?

Mr. SPALDING. The resumption act and the result of our last election declaring for honest money throughout the country seemed to restore confidence to the people throughout the northwest, so far as my observation has gone. Both these causes seem to have had about an equal effect.

Mr. SHERWIN. Do you observe any dearth of money in circulation?

Mr. SPALDING. I understand (although I only speak from an understanding) that there is a surplus of money for over half the year, and that for the other half the year most of it is employed. I am informed by moneyed institutions that during the summer they have a large surplus on hand, which there is not a demand for.

Mr. SHERWIN. What would be your idea about the government interfering with the laws as they stand?

Mr. SPALDING. I think that we have money enough, and I think that if Congress will let the currency question alone entirely for the next five years the prosperity of the country will increase more rapidly than it will if Congress keeps constantly tinkering with the currency.

Mr. SHERWIN. Supposing it should appear that a larger volume of currency was needed than exists at present, how would it be supplied?

Mr. SPALDING. The ways would be provided. At the time it was ascertained that more money was needed, I have no doubt that some proper way would be thought of by which money would be provided, without the intervention of the government.

Mr. SHERWIN. What is the condition of the laborers at present, so far as you have observed, in comparison with their condition in previous years?

Mr. SPALDING. Until within the last two years, or perhaps the last year and a half, there has been a surplus of labor, and the laboring classes throughout the country have suffered more or less. As the increase in prosperity and the increase in business have been going on, there has been an increased demand for labor, so that I do not think there is now a surplus of labor in this city, nor in any locality with which I am at all familiar.

Mr. SHERWIN. Are there men seeking employment here who cannot find it?

Mr. SPALDING. I do not think there are now. The manufacturers generally (in the city and out, I think) have been for a part of the time last year short of laborers. There has been more demand for labor

than there has been supply. I do not think that now, or at any time within the past six months (especially within the last three months), any laboring man who wants work cannot get it. I think there is demand for all honest labor that there is at present. For instance, we got short of labor at our mills in Wisconsin and Michigan, and for the first time since the panic we have had two applications within the last month from our superintendents there to send laboring men back on vessels that bring lumber here. We have had orders for 10, 15, or 25 men, and we were not able to send as many in either case as were ordered, for the reason that we could not find them. In one instance we had to go to an emigrant train arriving here in order to get more men and send them.

Mr. SHERWIN. Was it wood-choppers that were wanted?

Mr. SPALDING. No; men to do the general work about a sawmill, carrying slabs, &c.

Mr. DICKEY. You advertised for men?

Mr. SPALDING. We went to the different offices here where they furnish labor.

Mr. SHERWIN. I suppose you know something about the amount of building that is going on in this city at the present compared with previous times?

Mr. SPALDING. There is considerably more building going on at present than there was last year, and the prices of building materials, with the exception of lumber, are higher than they were last year. The price of labor is 10 or 12 per cent. higher.

Mr. SHERWIN. Have you ever had occasion to consider the eight-hour agitation?

Mr. SPALDING. Yes; my attention has been called to it often, and I have thought more or less about it.

Mr. SHERWIN. State your opinion on that question.

Mr. SPALDING. My opinion always has been that if the eight-hour rule ever becomes a law, it would soon regulate itself. My opinion is, that the honest laboring men of the country do not want such a law, and that neither the employer nor the employed would be as well off as they are now. What the practical result would be, I am unable to state.

The Chairman stated that the testimony in Chicago was here closed, and the committee adjourned.

TESTIMONY TAKEN AT SAN FRANCISCO.

LAND MONOPOLY AND CHINESE IMMIGRATION.

SAN FRANCISCO, CAL., *August* 15, 1879.

The committee met in the room of the surveyor of the port, in the San Francisco custom-house. Present, the Chairman (Mr. Wright), and Messrs. Dickey, O'Connor, Martin, and Cowgill.

Views of Mr. T. B. Shannon.

Mr. T. B. SHANNON, collector of customs in the port of San Francisco, appeared before the committee in response to its invitation.

The CHAIRMAN. We have come here with a view of ascertaining what effect Chinese immigration has on the industry and labor of the city of San Francisco. We wish to know how many Chinese there are on the Pacific slope, and what your opinion is in regard to the effect of Chinese immigration on industry and labor in this city and State.

Mr. SHANNON. The Treasury Department some time since asked me to report, to the best of my knowledge, the number of Chinese in this country, and from all the information that I could obtain from the Chinese consul, and from the Chinese companies, from merchants and others, I reported as follows:

Whole number of Chinese in the United States	96,430
Whole number of Chinese in the Pacific States and Territories	67,000
Whole number of Chinese in the Eastern States	29,430

That is of course estimated, because of the impossibility of ascertaining the exact figures.

The CHAIRMAN. When did you make that report?

Mr. SHANNON. About two or three months ago. It is an approximate estimate made from general information. I believe myself that the number is considerably larger.

The CHAIRMAN. What number of Chinese are residents of the city of San Francisco?

Mr. SHANNON. I cannot say. I should think there might be 30,000 Chinamen here.

The CHAIRMAN. Are they located in this city in a body, or indiscriminately?

Mr. SHANNON. They are mostly located in the northwestern portion of the city. The business houses of the Chinamen are immediately west of this building. Their business is confined mostly to what is called the Chinese quarter. They occupy exclusively what is called Chinatown. But of course they are employed in different parts of the city, individually and by companies. The question is, what effect the presence of Chinese has on labor in this city, and what effect it has on business in this State and city. The depression of labor and industry here is relative. It is a depression because of its contrast with the flush times of the past, and is attributable to local causes. First the condition of the mining industries has radically changed from that which existed on the discovery of the gold mines 31 years ago. Then mining was confined to what is known as placer mining. That kind of mining has virtually ceased, and mining now is confined mostly to quartz mining, and is done by machinery, so that while the precious metals contributing to the circulation of the world aggregate as large a volume as they did, the mining of them employs much less muscle on account of the change from placer to quartz mining. The next cause for the depression is the tendency toward the concentrating of large tracts of land in the hands of a few, and the substitution of labor-saving machinery for muscle. This makes the demand for muscular labor less than it was formerly, when farming was not done by machinery. In passing from the early condition of industrial pursuits in California to the condition that now exists, we have not as yet become a manufacturing community so as to occupy that surplus muscle to which manufacturing would give employment. In time, these matters will adjust themselves, but up to the present and at present, we are still undergoing a change from the early condition of affairs and are gradually becoming a settled community. The reason why we are not a manufacturing community yet is because labor and capital here are so much higher than they are in the Atlantic States or in Europe; and up to this date we have not been able to compete successfully with the manufacturers of the Atlantic States, but in time we expect to be.

The presence of the Chinese population in our midst is in the nature of a menace that disturbs stability and that frightens capital, to some extent, from engaging in great manufacturing enterprises. The Chinese

population here we look upon as an evil fraught with more or less danger to the future of this section of the country. If our labor market here was overstocked. if the supply of labor was vastly in excess of the demand, and if actual competition entered into the labor market, the result would be that the Chinamen would be able to drive the white men out of the market, because the Chinamen can labor much cheaper than white men can, for the reason that they can live much cheaper than white men can live or will live. They bring all their habits to this country, and they can live 50 per cent, at least, cheaper than white men can live. They leave their families in China where those families can live at an almost nominal sum per day, and they send back their earnings to China to support their families.

The CHAIRMAN. Do they send to China all the money that they receive?

Mr. SHANNON. All except what it costs them to live here. Now, take a hundred thousand Chinese laborers and a hundred thousand white men and draw a comparison as to their effect upon the prosperity of the country. The wages of a hundred thousand Chinamen at $1 a day, working for 26 days per month, amounts to $2,600,000 a month, or $31,200,000 a year. Assume that it costs them half of that amount to live here, the other half, or at least nine-tenths of it, is sent to China, and two-thirds or one-half of that which it takes them to live on here is invested in materials, eatables and wearables of exclusively Chinese production, and sent here from China. I will make up the statistics as to the imports and exports of such materials, with the exception of tea, which is, of course, an article that enters into the consumption of white people. Therefore, the employment of a hundred thousand Chinamen involves the paying to them of $30,000,000 per annum, half of which at least goes to China, and the other half, spent for their support, is paid to China, and is not spent in the products of this country. Consequently the profits are not invested in this country. They are absorbed by Chinese labor. So all the profits of the labor of Chinamen here, over and above the cost of the living, are withdrawn from the country, and nine-tenths of the cost of that living goes to China. Consequently, to that extent, the employment of Chinamen here is a drain on the industrial productions of this coast, and is just the opposite of the effect of the employment of so many white men, who, of course, would invest the products of all their labor and the cost of their means of support in the materials and products of thiscountry. The profits of their labor would be invested in property—in building houses, &c. In other words, the Chinamen, as a mass, are like so many gypsies camped on our hills. They absorb but they do not produce; or what they do produce by their labor is returned to China—either taken back by themselves or sent to their families, or expended there in clothing, rice, and other materials which they consume in this country. The white man, on the contrary, invests here all the profits of his labor in property, or in the purchase of materials which go to support the various branches of industry and business.

The CHAIRMAN. Do the Chinamen here make any purchase of real estate, or put up any buildings?

Mr. SHANNON. As a rule, they do not; a few merchants—large importing merchants—in the Chinese quarter of the city do, I believe, own some of their buildings. But as a rule they do not. When they acquire some money they return to China with it.

The CHAIRMAN. How long do they generally remain here?

Mr. SHANNON. There is no fixed rule on that point. Their going is entirely voluntary, like that of the white race.

The CHAIRMAN. What effect has the presence of the Chinese on the question of labor?

Mr. SHANNON. Its effect is of course to reduce the compensation of labor. If the condition of the labor market was such (as it is pretty much at the present time) that the supply of labor was greater than the demand, and if there was a competition in the labor market, the tendency of the presence of Chinese, as a matter of course, is to lower the prices of labor. But those other conditions which I have mentioned have also a tendency to lower labor here, because since the discovery of the gold mines, labor has been higher here than in any other part of the world, and is to-day higher. All kinds of labor in California are higher to-day than they are in any other civilized part of the world, notwithstanding the presence of the Chinaman.

The CHAIRMAN. What is the general condition of the business affairs of the city at this time?

Mr. SHANNON. We call it hard times, but it is only by comparison with the flush times of the past. It is hard times because we have always had such extraordinary flush times. Unfortunately for our people, in passing through this transformation from flush times to a settled standard of legitimate business values, we individually have adhered perhaps a little too closely to some of our extravagant habits acquired in the fall of 1849 and the spring of 1850, so that we are only adjusting ourselves gradually to the new condition of things which is being brought about by higher laws.

The CHAIRMAN. You have not spoken as to the moral effect of the Chinese element on the community?

Mr. SHANNON. I am not much posted on that point, and I do not think there is much in it. I do not think that the presence of Chinamen has any demoralizing effect, unless the white man wants to be demoralized.

The CHAIRMAN. If the white man wants to be demoralized, has he an opportunity of being so through Chinese sources?

Mr. SHANNON. I think not. I presume that a good deal of the lower strata of the Chinese population come here, and the lower strata of any society are demoralizing when they come in contact with the better strata. But I think that probably the effect of adulterated liquors and all that kind of thing on white men is even worse than the presence of the Chinaman.

Mr. O'CONNOR. What remedy would you suggest for the evil?

Mr. SHANNON. I have stated the perils, and I have stated that the Chinese in our midst are a detriment to the material prosperity of this country and to its future. So believing, I have no objection to answering your question; and the only answer is that there should be an amendment to the Burlingame treaty, and that the national government should restrict Chinese immigration. That is the remedy.

Mr. DICKEY. You have stated that the contact of the white race with the Chinese is demoralizing if the white race desires to be demoralized. I desire to know whether the contact of the better class of whites with the Chinese has a tendency to elevate the morals or character of the Chinese in this country in any way.

Mr. SHANNON. I think not. Chinese are more conservative, so to speak, and more wedded to their notions of religion and to their habits of life than the white race is.

Mr. DICKEY. Your objection to them, then, is that because they can

live for less money and can therefore afford to work for less wages, they are on that account a detriment to the white race?

Mr. SHANNON. That and the additional fact which I have stated, that they import from China what they consume here, and that they send their money out of the country for articles of their consumption. They take away the profits of their labor from this country. In brief, they are an Asiatic herd of grasshoppers, taking out of this country the profits of their labor, and they are not capable of assimilating politically with us as emigrants from Europe. They never will do so and never can. They come here to make so much money and then they leave the country. For all these reasons, not for any one particular reason, I am opposed to the presence of Chinese here. I am one of those who believe in keeping the prices of labor up to that standard which will enable a man to support his family and will prevent him reaching that point which the French philosopher declares to be a crime—extreme poverty. I am opposed to anything that tends to destroy the dignity of labor or to reduce it to the pauperism to which it is reduced in Europe.

Mr. DICKEY. In other words, the price of labor should not be reduced to the cost of a man's living?

Mr. SHANNON. Exactly.

Mr. DICKEY. And the price of labor here is reduced to what it costs a man to live?

Mr. SHANNON. No, not yet. The number of Chinese at present here is not a menace, and if Chinese immigration were stopped to-day, the Chinese question would perhaps be of no consequence as a question of political economy. But it is as to the future that we apprehend trouble. If 100,000 Chinamen produce the certain result to-day which I have tried to describe, and if the Chinese continue to come here to the extent of three or five hundred thousand or a million, they would occupy the labor field here entirely and would drive out white labor, because they can work cheaper than white men, and this section of the United States would eventually become a Chinese colony. The land perhaps, for the time being, would be owned by a few whites, and we would have a condition of things similar to that of the middle ages, when the lands were owned by the barons and cultivated by their slaves. We would be a Chinese empire with a few white owners and the rest of the inhabitants Chinese slaves. I will admit that a Chinaman can work cheaper than a white man.

Mr. DICKEY. Does the labor of a Chinaman equal that of a white man?

Mr. SHANNON. No, sir.

Mr. DICKEY. He is not capable of working so hard or doing so much in a day's work.

Mr. SHANNON. He can do about as much work as a white man in the course of a day. He works slowly and steadily.

Mr. DICKEY. What is the fact? Does he do it?

Mr. SHANNON. He does as a rule. Physically perhaps he is not able to do as much work as a white man, but as a rule he will do as much labor in a day as a white man. He works a little cheaper than the white man does.

The CHAIRMAN. I think you stated that he worked 50 per cent cheaper.

Mr. SHANNON. No, sir; I say that he can live and that he does live 50 per cent cheaper than a white man.

Mr. DICKEY. If it were so that these Chinamen could become naturalized citizens would they be willing to become citizens?

Mr. SHANNON. I think they would be just governed entirely by selfish

considerations. Where one of them thinks that he can make something by becoming a Christian, he will go through all the forms of Christian requirements, but he is more tenacious on that subject probably than he would be on the political question.

Mr. DICKEY. What is the present rate of Chinese immigration?

Mr. SHANNON. For the last year there has been very little increase, if any, of arrivals over departures, because of the agitation on the subject here, and because of the depression in business, and all that kind of thing. I think that all this has had a tendency to retard Chinese immigration.

Mr. DICKEY. Can you give us an idea as to the means by which Chinamen are brought here?

Mr. SHANNON. No, sir, only from hearsay; I have no personal knowledge on the subject. It is alleged that a great many Chinamen in China are advanced money to get here in the nature of a contract.

Mr. O'CONNOR. Has Chinese immigration to California deterred European and American immigration to this coast?

Mr. SHANNON. I believe that the agitation on the subject for the last three or four years has had a tendency to retard immigration from the Atlantic States. I do not know as to European immigration.

Mr. O'CONNOR. When was the wave of Chinese immigration to the Pacific coast at its highest?

Mr. SHANNON. I think about five years ago.

Mr. O'CONNOR. While that wave was accumulating, was there not a sensible and visible diminution of European and American immigration to the Pacific States?

Mr. SHANNON. I cannot answer that question. I am not familiar with the statistics of immigration. I think that at that time it did not have that effect in retarding the immigration of white people to this coast. I think that that immediate effect has been since the political agitation here on the subject.

Mr. O'CONNOR. Do the Chinese live exclusively to themselves in California?

Mr. SHANNON. O, yes. A room of this size (that is, about twenty feet square) would be occupied by a dozen Chinamen.

Mr. O'CONNOR. The quarter of the city in which they live is a sort of empire of China in the heart of San Francisco?

Mr. SHANNON. Yes. It is a little off to one side of the city.

Mr. O'CONNOR. What number of Chinamen live in one building?

Mr. SHANNON. I cannot say, but a very large number.

Mr. O'CONNOR. What does it cost per day to subsist a Chinaman in San Francisco?

Mr. SHANNON. I cannot say that. He eats imported rice mostly. How much it costs him I do not know. The Chinamen import their own clothing. They never adopt our costume.

Mr. O'CONNOR. They import all the manners, habits, and customs of their own country?

Mr. SHANNON. Yes, and they import their rice, which is to them what flour is to us, a staple.

Mr. O'CONNOR. Are they a healthy people?

Mr. SHANNON. Very. Physically they are a very strong, plodding race, with great powers of endurance.

Mr. O'CONNOR. Have any diseases broken out in the Chinese quarter?

Mr. SHANNON. No, not that I ever heard of. Every now and then a case of leprosy is reported. I never had any personal knowledge of anything of that kind.

Mr. O'CONNOR. Do the Chinese bring their families here with them?

Mr. SHANNON. Very few indeed; not one in twenty.

Mr. O'CONNOR. In what kinds of labor do they principally engage?

Mr. SHANNON. In farming, and as house servants, cooking—and all that kind of thing; sometimes in mining, in railroad building, in manufacturing, except as to machinery. I believe there are no Chinese employed in any of the founderies. They work in cigar factories, woolen factories, shoe factories, and such kind of labor.

Mr. O'CONNOR. What are the average wages paid to a Chinaman?

Mr. SHANNON. I do not know. Chinese house-servants get from $15 to $25 a month.

Mr. O'CONNOR. Are there many laboring men out of employment now in San Francisco?

Mr. SHANNON. Yes, sir, a good many.

Mr. O'CONNOR. To what do you ascribe that lack of employment? Is it to be traced to the Chinese immigration?

Mr. SHANNON. I ascribe it more to the changed condition of business. As I stated before, there has been a transformation from mining and agricultural pursuits purely, and we have not yet become a manufacturing community. We lack that great element of industry in this State. Things will adjust themselves in time, and pending that adjustment of course this depression and this want of employment will exist.

Mr. MARTIN. Is the depression owing to the presence of Chinamen here?

Mr. SHANNON. Not entirely. The Chinaman cuts more or less figure in it.

Mr. MARTIN. Is the presence of Chinese in this city the cause of the depression?

Mr. SHANNON. No, sir; not wholly.

Mr. MARTIN. Your idea is that the evil, if it be an evil, has existence only in the future?

Mr. SHANNON. In the present and the future.

Mr. MARTIN. I understood you to say that there is no great trouble in the present, but that it is your idea that the influx should be stopped, and that if no more Chinese immigrants are brought here no harm will be done.

Mr. SHANNON. Not so much harm.

Mr. MARTIN. The real trouble is as to the future?

Mr. SHANNON. Yes; if Chinese immigration continues. Chinese laborers, even if they worked at the same rate as white men and did not come in competition with white labor and reduce the price of labor, would still have a result on the material prosperity of the country by reason of the fact that Chinamen absorb the profits of their labor and send or take them to China.

Mr. MARTIN. Were you ever in Chinatown?

Mr. SHANNON. Yes, some years ago, but not of late years.

Mr. MARTIN. Do the Chinamen subsist on meats?

Mr. SHANNON. They eat some meats of course.

Mr. MARTIN. Do American citizens trade much in Chinatown?

Mr. SHANNON. No, sir; they trade with each other exclusively.

Mr. MARTIN. If an American citizen wanted to buy a piece of meat he would go to the market for it?

Mr. SHANNON. Yes; the Chinamen have their Chinese butchers in Chinatown. They buy vegetables and meats here of course, but rice is their main staple of food, and they import it from China as they also import their clothing.

Mr. MARTIN. The trouble from the Chinese, in your idea, exists in the future, and your remedy would be for Congress to pass a general law to prevent the further increase of such immigration?

Mr. SHANNON. Yes.

Mr. MARTIN. According to your information, you think that the number of Chinamen in the United States is about 96,000?

Mr. SHANNON. Yes; I think that it is over that number, but that is my information. I do not think, however, that it is correct.

Mr. MARTIN. I understood you to say that the introduction of machinery has brought about a good deal of this trouble in the labor market, and that mines which were formerly worked by muscular labor are now worked by machinery?

Mr. SHANNON. Yes; a good deal. The use of machinery has increased in the mines and on the farms, and to that extent of course it affects the demand for labor. In passing from the old condition of things to the new, we have not become a manufacturing community to the extent of absorbing the surplus labor thrown out of employment by machinery.

Mr. MARTIN. Is it not true that manufactories cannot be established for the reason that labor here (even with the Chinaman) is much higher than it is in the East, and that goods can be manufactured in the East and delivered here cheaper than they can be made here?

Mr. SHANNON. There is a good deal of truth in that.

Mr. MARTIN. Cannot a man in Boston manufacture shoes and deliver them here cheaper than they can be made in your city?

Mr. SHANNON. There are several shoe factories here.

Mr. MARTIN. Is it not true as a general thing that you send hides east, and that they are manufactured into shoes, and that the shoes are sent back here cheaper than they can be made here?

Mr. SHANNON. Yes; but at the same time we have a number of shoe factories in the city.

Mr. MARTIN. Can the shoes which are manufactured here be sold as cheaply as those which are manufactured in the east?

Mr. SHANNON. I presume they can be, otherwise they would not continue to manufacture.

Mr. COWGILL. I understood you to say a while ago that labor and capital are so much higher here than they are in the Atlantic States that manufactories cannot be established here successfully.

Mr. SHANNON. A good many articles could not be manufactured here.

Mr. COWGILL. Do you mean now to say that you did not mean that remark to have a general application, or how general did you intend it to be?

Mr. SHANNON. I meant it to have a general application, but of course there are exceptions. I take it for granted that if a people so enterprising as the population of this coast, with money as abundant as it is here, and with a great deal more labor than there is any demand for, does not engage in manufacturing, there must be some reason for it. There must be some reason why our capital and enterprise do not engage in manufacturing pursuits.

Mr. COWGILL. Is it not pretty evident that the reason for that is that there is a scarcity of labor here, and that you want more cheap labor than you have got?

Mr. SHANNON. No; there is abundance of labor here at present.

Mr. COWGILL. If there is abundance of labor here, why is it that it is not engaged in manufacturing the various fabrics used here?

Mr. SHANNON. My opinion is that capital is too diffident and too frightened to engage in manufacturing here. I believe that this Chinese agi-

tation and the presence of Chinese here are a menace to the stability of society, and frighten capital from investing.

Mr. COWGILL. In what way does the Chinese question frighten capitalists?

Mr. SHANNON. Because of the general commotion or disturbance that they think may follow.

Mr. COWGILL. You mean by that that there is such intense bitterness of feeling existing between the two classes of laborers here that capital is fearful of investing lest it might meet with destruction, as an outgrowth of that bitter feeling?

Mr. SHANNON. That is it exactly. To a certain extent that is true, in my opinion.

Mr. COWGILL. What makes that bitterness of feeling?

Mr. SHANNON. It arises from the fact that the Chinese are here and are working cheaper than white men can work.

Mr. COWGILL. What does a common laborer get here per day?

Mr. SHANNON. I believe he gets from $1 to $1.50 and $2 a day.

Mr. COWGILL. Do not the laborers on the streets get from $2 to $2.50 a day?

Mr. SHANNON. The municipality may pay them at that rate, but I am speaking of the wages they get in the business walks of life.

Mr. COWGILL. In what kind of labor do they not get from $2 to $2.50 a day?

Mr. SHANNON. I think that in farming and common labor they get all the way from $1 to $2 a day.

Mr. COWGILL. Then it is not because there is not capital enough here to invest in manufactures that people do not engage in them?

Mr. SHANNON. No, sir; there is abundance of capital here.

Mr. COWGILL. You think there is labor here sufficient to justify men engaging in manufactures, if it were not for the fear on the part of capitalists that that kind of property would be destroyed because of the bitter feeling that exists among classes here?

Mr. SHANNON. That is it exactly.

Mr. COWGILL. You said something about Chinese establishing themselves in some particular locality in this city called the Chinese quarter. Do you not know it as a fact that foreigners are very apt to do that when they locate themselves in large cities—that they are very apt to settle in certain portions of the town or city? Is not that a common thing to men of all nationalities?

Mr. SHANNON. Not to the extent that it is with the Chinaman. There is a clannishness, of course, belonging to race and language and creed.

Mr. COWGILL. Take for instance the Germans. Are they not apt to congregate themselves in some particular part of a town or city, and very frequently to maintain their own schools and churches?

Mr. SHANNON. Yes; to a limited extent.

Mr. COWGILL. I understood you to say that the Chinese trade is almost exclusively with themselves?

Mr. SHANNON. Yes, sir.

Mr. COWGILL. They do not have any trade with the white people?

Mr. SHANNON. Yes.

Mr. COWGILL. Then what is there in that trade which is injurious to this country?

Mr. SHANNON. It is injurious in its general results. They import all their rice; that is their staple. The Chinese merchant imports it, takes it to his store, and sells it to the Chinese. The Chinese merchants import pretty much all the articles that the Chinese population here con-

sume. They import all their rice, clothing, and other things that the Chinese use, with the exception of the few articles which cannot be imported, viz, vegetables and meats. These they buy of us. Therefore the bulk of what they consume is paid for in China, and the profits on their labor they take to China, when they get through here, instead of spending them in this country, as the white man does—investing them in houses and land and furniture, and everything that goes to make up a country.

Mr. COWGILL. If they do not own their own houses they must rent or lease from somebody else?

Mr. SHANNON. Yes.

Mr. COWGILL. And do they not pay quite as high rents as white men do for the property which they occupy?

Mr. SHANNON. Yes.

Mr. COWGILL. And is not what they pay for rents left among our citizens?

Mr. SHANNON. Yes, but the few houses which they occupy in comparison with what white people occupy is another objection to them. They do not build any houses to live in, but from 30 to 40 Chinese live together in a room no larger than this (say 20 feet square).

Mr. COWGILL. They pay pretty large rents for their houses, do they not?

Mr. SHANNON. Yes, they have to pay of course all that the white men can get out of them.

Mr. COWGILL. Then it is a matter of taste with the Chinamen as to how they live?

Mr. SHANNON. Yes, I believe that the large Chinese importers generally own their own stores.

Mr. COWGILL. You say that labor is higher here to-day than it is at any other place in the civilized world?

Mr. SHANNON. Yes, I think there is no question about that.

Mr. COWGILL. Does not that argue that you want more cheap labor here, in order that your people may engage in manufactures and in other occupations and pursuits of life?

Mr. SHANNON. Not if it is at the expense of the future welfare of the country.

Mr. COWGILL. Is not that a speculation of your own?

Mr. SHANNON. That is a matter of opinion.

Mr. COWGILL. You do not know but that the Chinese may change their present system of importing what they eat?

Mr. SHANNON. Chinamen never change. I have been here thirty years and I have not noticed the slightest change in them.

Mr. COWGILL. Do they violate your laws more than white people do?

Mr. SHANNON. No, sir; they are a very peaceable, quiet, plodding, industrious people.

Mr. COWGILL. Did it ever occur to your mind that every man (provided that he lives in obedience to the laws of the country where he resides) has a right to pursue his happiness in his own way, and to use his earnings as he chooses, so long as he injures no one and does not disobey the laws of the country? Do you not know that that is one of the privileges which some people believe belong to the whole human family?

Mr. SHANNON. I am aware of that broad-guage doctrine.

Mr. COWGILL. It is a kind of American doctrine, is it not?

Mr. SHANNON. It has been the American doctrine. We have played

the role of the great republican asylum for the oppressed of all the world, and I think that it is about time we quit playing that role.

Mr. COWGILL. Do you want it confined to Chinamen alone, or would you extend it to other nationalities?

Mr. SHANNON. I draw the distinction between Chinamen and other nationalities for this reason, that the other races of whom we are speaking (regardless of language) come here from Europe, and their children become as good Americans as native-born Americans are. I am only a second degree removed myself. They amalgamate and assimilate, and after the first or second generations they cannot be identified as having sprung from any European country. But Chinamen are entirely different. They have a different civilization; their modes of life are different; they will not assimilate with other nations; they do not want to do so; they do not ask for political favors. They come here and encamp on our hills and take away the profits on their labor. They build no houses here, and leave no marks.

Mr. COWGILL. Have they not performed very much of the labor on your public works, and have they not helped to build your streets and your railroads?

Mr. SHANNON. To a certain extent they have, and to that extent they have done no harm.

Mr. COWGILL. To what extent have they not done good?

Mr. SHANNON. They have done some good. But we are dealing with this question not so much for the present as for the future. As the Chinese press in upon us the white race gradually retires, or ceases to come here, until it is only a question of time whether the Chinese can (I do not say that they will) come here and virtually occupy this whole coast. I do not think that white people will come to settle here if the Chinese occupy the country. As a laboring man, I certainly would not immigrate to California if I knew that I had to come in competition here with Chinese labor.

Mr. COWGILL. Is not one of the evils that are afflicting you at this time on this coast too great a disposition on the part of the white men, who come among you and who are living here, to make fortunes suddenly by engaging in stock speculations and such things? Is it not one of the evils, that white people who come here have not the patience to pursue steadily that line of industry which is sure, if followed, to bring a competency in the end? Is it not true that they have that restless speculative feeling among them which makes them, whenever they have anything to invest, engage in speculation? And because the number of unfortunates in such speculations largely preponderates over the number that are fortunate, has not that been productive of more evil than anything else that is afflicting this country?

Mr. SHANNON. Mining is a precarious business. It is a game of chance. Mining has been one of our greatest sources of wealth, and is one of our greatest sources of wealth to-day. Every mine is a game of chance, and everybody who engages in mining becomes imbued with the spirit of chance. That fact has of course affected the people here, as it would affect any people anywhere, and to that extent we are affected differently from the Eastern Atlantic States. I cannot see how any system of law can regulate that, because it is one of the things which will continue so long as there is mining. A good many people will be affected and demoralized by it. I do not see that the Chinese question cuts any figure in that matter. That is independent entirely of the Chinese question.

Mr. COWGILL. But my question was whether that disposition among

your people did not affect them more injuriously, or as injuriously, as anything else?

Mr. SHANNON. No; I think not. We would be a very tame people here without mining.

Mr. COWGILL. Is not the existence of large landed estates in this country, of large tracts of land owned by one individual, a serious objection to the growth, development, and improvement of the material interests of the country?

Mr. SHANNON. I think that the existence of large landed estates in this State, and the tendency to concentrate large tracts of land in the hands of a few capitalists, is, next to the Chinese question, the greatest curse of this part of the country.

Mr. COWGILL. If those estates were divided up into little homesteads, sufficient to afford a competency for a man and his family, would not that change almost make it unnecessary to take any steps to prevent Chinese immigration?

Mr. SHANNON. In the first place, I believe in the right and duty of government to limit the ownership of land to small tracts. If I had the power, I would limit it to 160 acres by a sliding scale in the future, coming into play on the death of the owners. Not on the principle of confiscating vested rights, but I would make a prohibitory system which would in time result in dividing up the lands into small tracts. California has within her limits of good farming land, of land susceptible of a high state of cultivation, enough to make 500,000 one hundred and sixty-acre farms, which would support from six to eight millions of people. In addition to those lands, she has on her mountains, ranging as high as 2,500 feet altitude, the greatest vineyard capacity of any country on the continent of America. There is enough of such land here to make one or two or three millions of vineyards, which would support 45,000,000 more of people; and if Congress or the Government of the United States had a proper conception of the question, and would give us a system of law that would encourage the production of wines and brandies, not levying a tax on the maker of the wine and brandy at the rate of a million dollars a month, or compel him to take it to a government warehouse and put it in the hands of other people to be tampered with, but if it would do what the French government does, encourage the home production of wine and brandy, we could save to the United States hundreds of millions of dollars, which we now pay to France for wines and brandies. The philosopher will tell you that this will, perhaps, adjust itself in time without the interference of the government, but I am one of those people who believe that it will not, but that it is the duty of the government to aid in the adjustment. That is one of the remedies for absorbing the surplus muscle which machinery drives out of the workshops; and what to do with that surplus muscle is the question now which all the governments of the earth have to deal with. The development of the arts and sciences, the discovery and invention of labor-saving machinery, and the powers of steam and electricity have revolutionized the world. Machinery has increased and cheapened productions, until finally the producing capacity of machinery is such that it far outstrips the power of consumption, and muscle goes a-begging, and is turned into tramps looking for something to do. There must be a remedy for this. The evil exists to-day, not only in the United States, but to a more fearful extent in Great Britain.

Mr. DICKEY. Do you mean to say that overproduction is the trouble?

Mr. SHANNON. Yes; I mean to say that the labor-saving machinery now in use is capable of overproducing and of glutting the market,

and that the power of consumption is not equal to the power of production, so that muscle goes a-begging because machinery performs the work. Now, one of the remedies is, that the lands shall be cut up into small farms and the people placed upon them. The next remedy is, a reduction in the hours of labor, as an antidote to the power of machinery. If with this machinery all the muscle were employed, the overproduction would become vast, and would rapidly produce depression and idleness. Until, so to speak, consumption catches up with production, you cannot put the laborers back again. If we have reached that state of things by reason of this extraordinary labor-saving machinery, some remedy has to be found and applied. While we have been revolutionized in the last one hundred years in the material world and in the relations of capital to labor, the revolution in the next fifty years is to come in the way of society adjusting itself, and of governments adjusting themselves to the new condition of things brought about by these inventions. One of the remedies is the cutting up of the lands into small farms.

Mr. MARTIN. How would you propose to do that?

Mr. SHANNON. I would change the Constitution first. That is necessary.

Mr. MARTIN. On our way here we passed through a farm of 47,000 acres in this State. How would you propose to take away that land from its owner?

Mr. SHANNON. I would have the Constitution and law so changed that when the owner of that land dies the estate must be cut up and sold to the highest bidders in parcels not exceeding 160 acres.

Mr. MARTIN. Would you sell it if the heirs did not want it sold?

Mr. SHANNON. I would make it unlawful for any man to own, directly or indirectly, by purchase or otherwise, in any shape or form whatever, any quantity of agricultural land to exceed so many acres.

Mr. MARTIN. Would not that law be an *ex post facto* law?

Mr. SHANNON. I have stated that I would have it prospective. Look at the history of France and the condition of things existing in that country in regard to the ownership of lands at the time of the revolution of 1789, and look at the condition of France to-day as the consequence of that revolution in regard to the ownership of the soil. To-day, of all the European nations, the people occupying the lands of France are perhaps the most frugal and happy and prosperous.

The CHAIRMAN. How would you get at your proposition to reduce the hours of labor?

Mr. SHANNON. I hold this to be true, that any system which overproduces, and which causes depression and hard times and misery and poverty, is unhealthy and improper. I think it will be conceded (and if it is not conceded to day it will be within twenty years) that the producing capacity is far in excess of the consuming capacity; that is, the producing capacity worked at the rate of ten hours in the twenty-four, combined with machinery as heretofore. Before the invention of machinery there were none of the luxuries of life to be seen in the house of the mechanic. To-day the house of the mechanic is better furnished than the palace of the baron one hundred years ago, because furniture is cheaper. These are some of the compensations of labor-saving machinery, and while we cannot reverse what has been already accomplished, we must adjust ourselves to it. Now, to illustrate, suppose that 100 men in this city could make with machinery all the brooms that this State can consume and a reasonable surplus, and suppose there were 100 other men idle who wanted work at that business and could

not get it because the 100 men already employed, at ten hours a day, with machinery produced all the brooms that could be used and a surplus over. And suppose you reduced the ten hours of labor to five hours, and put the 200 men to work, of course the cost of the brooms will be appreciated in proportion. But that is one of the things to which society must adjust itself. Labor must be employed for the peace and stability and welfare of society, and a reduction of the hours of labor and a division of the lands are remedies which in my opinion must necessarily be resorted to.

Mr. DICKEY. If five hours of labor are sufficient for the production of all that can be consumed, what would you propose to do for the peace of society with the other nineteen hours that are unemployed?

Mr. SHANNON. That question would take care of itself.

Mr. DICKEY. Would there not be a good deal of idleness?

Mr. SHANNON. If that five hours' work will produce something that keeps everybody's stomach full, that is better than to have some starving to death.

Mr. COWGILL. Do you not believe that any industrious, worthy, good citizen who actually makes an earnest effort to get employment can get it in this country?

Mr. SHANNON. I suppose he can get some employment.

Mr. COWGILL. Do you not see men all around who have nothing but their hands, who get employment and are engaged in business and can be accumulating money?

Mr. SHANNON. These are individual cases and are details which do not in my opinion affect the principal proposition that I have laid down, that there is a capacity to overproduce, and that overproduction is one of the causes of depression.

Mr. COWGILL. Does not that prove that the depression is more owing to the lack of perseverance and industry on the part of individuals than to the general causes that you have been speaking of?

Mr. SHANNON. No; I attribute the evil to machinery and to too many hours of labor, which cause overproduction.

Mr. O'CONNOR. You say that the Chinese population in San Francisco is about one fifth of the whole number?

Mr. SHANNON. I think so.

Mr. O'CONNOR. What proportion of the taxes do the Chinese pay?

Mr. SHANNON. A very small proportion.

Mr. O'CONNOR. Do you know what wages a Chinaman receives in his native country?

Mr. SHANNON. No, sir; I have no idea.

The CHAIRMAN. You have left us under the impression that the conflict here is only between the white laborer and the Chinaman. I want to know if the rest of this community is in harmony on this Chinese question?

Mr. SHANNON. I think it is pretty much a unanimous thing.

Mr. DICKEY You mean to say that there is no class of American citizens in this city favorable to Chinese immigration?

Mr. SHANNON. I do not know of any; if there is, I do not know of it.

Mr. Shannon subsequently furnished the following statement of exports and imports passing between the San Francisco custom-house and Chinese ports:

Exports, 4 years and 7 months ending July 31, 1879.

SPECIE.

1875	$5,674,917
1876	7,309,895
1877	13,758,200
1878	8,828,134
1879 (7 months)	2,169,797
	37,740,943

FOREIGN SPECIE.

1875	$1,691,373
1876	2,666,741
1877	2,970,908
1878	2,818,219
1879 (7 months)	2,060,734
	12,207,975
	37,740,943
Grand total	49,948,918

Imports of all kinds.

FREE OF DUTY.

1875	$522,439
1876	589,922
1877	1,650,310
1878	4,170,346
1879 (7 months)	2,399,594
	9,332,611

DUTIABLE.

1875	$3,650,431
1876	3,249,064
1877	3,106,754
1878	3,144,573
1879 (7 months)	2,296,483
	15,447,305
	9,332,611
Grand total	24,779,916

Specie.—Free of duty.

1875	$25,931
1876	6,426
1877	8,423
1878	15,567
1879 (to July 31)	126,235
	182,582

Imports.—Dutiable.

RICE.

	Pounds.	
1875	46,383,850	$1,141,462
1876	46,948,001	1,071,174
1877	38,428,566	965,220
1878	41,431,285	1,221,188
1879 (7 months)	32,587,149	894,758
	205,783,851	5,293,802

BROWN SUGAR.

	Pounds.	
1875	5,608,529	$183,756
1876	9,664,498	327,166
1877	7,791,070	365,888
1878	1,696,644	69,114
1879 (7 months)	615,512	30,557
	25,376,203	980,481

SAN FRANCISCO, *August* 15, 1879.

Views of Mr. Loring Pickering.

Mr. LORING PICKERING came before the committee. He said, in reply to preliminary questions: I came here in 1849; I have been here most of the time since, except perhaps four years; I am 67 years of age; I am engaged in editing and publishing the Evening Bulletin and the Morning Call.

The CHAIRMAN. Give us, in as condensed a form as you can, your ideas with reference to this Chinese question.

Mr. PICKERING. My opinions have been decided on that question. I am of the opinion that ultimately Chinese immigration will break up the business of this coast unless there be some remedy provided. Mr. Shannon has given the committee a mistaken view as to labor. He is not so well acquainted with the labor market as I am. He occupies a public office, and the men with whom he associates have places. Now, there is not a day that men do not come to me for employment. This city is, I will not say full of men who are unemployed, but there is a large number of men here who cannot get employment, even for $1 or $1.50 a day. A friend of mine came here two months ago and has been ever since trying to get employment at $1 a day. The whole State is in an extraordinary condition in regard to labor. We commenced here when labor was high. All of us who are carrying on business retain our men and do not reduce their wages. The city is full of all kinds of business now, and employers are paying more than they can afford to; they are making no money; but they are doing this in order to take care of the families of those whom they employ. The printing business is perhaps as good a business as any other here, and yet I presume that there are now 50 men wanting to get into one of our offices and willing to work at a small rate; the city is full of printers who would work for low wages. This market is full of men who cannot get employment, and yet if you inquire of employers what they are paying they will tell you that they are paying good prices. I have a brother-in-law in the country, farming, and he tells me that men are there every day looking for work, and that he can hire abundance of them for $15 a month and found. I believe that to be the condition of labor at the present time. In regard to Chinese labor, I will give a little different view of it from Mr. Shannon. The Chinese are eminently shrewd. They know as well what they are about as we do. They do not work for the wages at which they would have to work in China. I have no doubt that contracts can be made in China for men to come here and labor at $4 a month; but they come here and they do not work below our prices; they take just as much as they can get. If you take a Chinese servant into your house he will work pretty low as long as he cannot speak the English language, but as soon as he gets qualified the price goes up; they keep the price just under that of white labor. There are not very many Chinese out of employment in this city because they get work where others do not.

Now, about manufacturing. Before the Chinese flooded in upon us so rapidly we had begun to be a manufacturing people; there were a good many branches of manufactures carried on here that were considerably flourishing, but the Chinese came in and they overstocked the market. Take the article of potatoes, for instance; up to this year potatoes have been high, and it would pay the farmer to raise them, but now potatoes bring a price not high enough to pay a white man for sending them to market. I inquired the reason, and I find that Chinese have taken tracts of land and are farming on their own account, and the market is becoming so flooded with vegetables that the white producer cannot afford to sell at the market rate. It is so with almost everything. As to boots and shoes, for instance, there had grown up a prosperous business here in that branch, but now the Chinese manufacture boots and shoes, and a good many retail dealers who cannot pay the prices for shoes manufactured by white labor buy the shoes of Chinese manufacture. If the Chinese go on as they are going you will find that boots and shoes manufactured here by Chinese can be sent East in competition with the shoes of the eastern manufacturers. In regard to our street improvements, the Chinese are not permitted to work upon them. If the city were to permit Chinese laborers to be engaged in grading lots and in improving the streets, there would be an excitement, and yet the Chinese would work upon the streets for one-half of the wages paid to white men. Now, about rents, Mr. Shannon was asked if the Chinese did not pay high rents. I will tell you how that is. A few Chinamen planted themselves in the heart of the city; they hired places for which they paid pretty liberally; but they have bought only a few pieces of property here. Four years ago, before there was much excitement on the subject, a few merchants did buy property here, but that has ceased. Mr. Shannon gave you the impression that there was no trade between the Chinese and our people; that is contrary to my observation. The city is gradually being perambulated by Chinese peddlers; a Chinese peddler goes into every house, taking in his baskets everything that he thinks he can sell. The trade with them is very large; they peddle vegetables all over the city, carrying them around in baskets. The Chinese washing-houses keep the price of washing at a little less than white women can wash for. Now, about trade: The white people do buy goods from the Chinese merchants; the fancy goods people do so. Chinese merchants import rice and teas. This Chinese question commenced in 1852–'3. The Chinese came here and they went to the mines. Our people at that time could make $7 or $8 a day at the mines, and were unwilling to work ground that would not pay them more than $3 or $4 a day; consequently the Chinese crowded in and worked a good deal of that ground, and they have been working that ground from that time to this, and I do not doubt that the Chinese have carried out a hundred millions of gold from those mines. The thing is going on now, but to a less extent.

The CHAIRMAN. This competition that is constantly going on, this peddling and working and selling goods under price, what effect has it on the industries and labor of white men?

Mr. PICKERING. Mr. Shannon was asked if we were not a speculative people. We have a very intelligent, enterprising people here. They are laborious and frugal too. When they had abundance of money they spent it freely. Before the recent difficulties with our banks took place, the common people of this city had nearly seventy millions of deposits in the savings-banks alone. There has been no such instance of the kind in all this country. Of course there are speculators, as there are everywhere else, but this city is full of people who have made their money

by careful industry, just as careful as could be found in Massachusetts. When the agitation first commenced, it seems as if no one understood it but laboring men. They could understand that they could not get as much wages when they had to compete with Chinese labor. Very quickly the laboring men began to lack employment, and then the merchants and the tradespeople generally began to feel the effect, until now the agitation has reached every sensible man here. There are no men here who want Chinese labor except those who have large tracts of land and who have an idea that they can cultivate it and export wheat to advantage. But everybody else has got the contrary opinion. Our mercantile business is in stagnation. Why? Because the common people who earn money have not the money to pay to the merchant. There is money in the banks yet, but the great masses of the people are close for money.

The CHAIRMAN. What effect has this cheap Chinese labor had on the females who formerly had employment at good prices?

Mr. PICKERING. I never have employed a Chinaman in my house yet. I have had but one opinion of their employment, and that is that it is really restricting the employment of white families who now can scarcely earn an honest living. The effect of Chinese labor in households is to establish that kind of restrictive arrangement which formerly existed in Southern States, so now it is unfashionable for American women to go and work in a family. They have got above it. This Chinese labor is bringing down all of them. Now, as to demoralizing the community. It is notorious that the Chinese female population is demoralizing our youth. One man said to me recently, "If a boy gets a 'bit' he can go to these Chinese houses of prostitution."

The CHAIRMAN. Are there any Chinese women in this Chinese quarter of the city who are not prostitutes?

Mr. PICKERING. I cannot tell. Those who are well posted say that there are very few. I will not say but that some Chinese merchants may have brought respectable women here.

The CHAIRMAN. Have you ever been through the Chinese quarter in this city?

Mr. PICKERING. A thousand times.

The CHAIRMAN. Give us an idea of it.

Mr. PICKERING. When the Chinese first came here, they hired places that were eligible, and they paid big rents, but now they have crowded into a particular quarter of the city and have so ruined the adjacent property that it cannot be rented or sold except at low prices. I know a young lady who bought property a few years ago adjacent to the Chinese quarter, and now she says she cannot get half rent for it, because the very poor white people cannot afford to pay so much rent for it, and she cannot rent it to anybody else.

The CHAIRMAN. Is the Chinese quarter a notorious fact as to location?

Mr. PICKERING. Certainly.

The CHAIRMAN. Is there any other nationality that can be defined in this city by location?

Mr. PICKERING. No, sir; in early times, when the Frenchmen came here, they did locate on a certain street, but still there were other people living on the same street.

The CHAIRMAN. There has been no French quarter?

Mr. PICKERING. Not properly speaking. There has been more of a French quarter than of any other nationality.

The CHAIRMAN. Have these Chinese people here a system of laws of their own by which they govern themselves?

Mr. PICKERING. I believe that is well understood. I have no doubt of it.

The CHAIRMAN. Does that system come in conflict with the municipal laws of this city?

Mr. PICKERING. I think so. This city is full of people who are not going to stay here if the Chinese keep coming in. I am free to say that if I had a family here I would not let it remain, because I think that the Chinese will utterly overwhelm the State. Still I do not believe that that will be permitted. The people of the Eastern States will see that, if it be permitted, the wealth of this coast, instead of going to the Eastern States, will drift to China; and I think that a remedy will be found. I do not think that this Pacific coast can sustain itself unless there be a remedy for this evil.

The CHAIRMAN. Do these Chinese people bring here all their customs and manners, their religions, their idols, and their gods?

Mr. PICKERING. Certainly; you cannot undo it at all; you cannot convert them. A Chinaman will go and join a Sabbath-school, but it is simply that he may learn the English language so that he may be able to earn more money. There is a little missionary place here about which people have been very enthusiastic, but I think that its results have been no more than a grain of sand on the seashore.

The CHAIRMAN. What is the system of religion practiced by these Chinese so far as it appears to the eye?

Mr. PICKERING. They have a temple up here.

The CHAIRMAN. Give us an idea of the character of their worship.

Mr. PICKERING. They have idols in their temple, before which they burn pieces of paper. When they go out to their cemetery they have little slips of paper which they distribute around. You will see these little strips of paper dropped all along. At the cemeteries there are hogs cooked.

The CHAIRMAN. Do they have their idols?

Mr. PICKERING. Certainly, in their temple.

The CHAIRMAN. What similitude have their images?

Mr. PICKERING. They are strange-looking idols. I cannot describe them. They are hideous-looking things.

The CHAIRMAN. They have eyes and ears and noses?

Mr. PICKERING. Yes.

The CHAIRMAN. Feet and arms?

Mr. PICKERING. Yes; I believe so. They are intended to be the images of a human being, but they are very deformed.

The CHAIRMAN. How long have you been familiar with their customs and habits here?

Mr. PICKERING. Ever since they began to come here, which was, I think, first in 1850.

The CHAIRMAN. Is it practicable to make these people conform in any particular to our customs and usages?

Mr. PICKERING. It is utterly out of the question to think so; there is no such thing as doing it. There are United States laws against making contracts for coolie labor. If it were not for these laws and for the six Chinese companies, our people could go to China and contract for an abundance of labor at $3 or $4 a month. Now how easy for these companies to arrange it so that they will have the advantage of the wages of these Chinamen? They have a system of espionage over the Chinaman so that they are able to extort from them double the

amount advanced. What the arrangement is now I do not know, but it has been for years that the Pacific Mail Steamship Company (subsidized by the government) would not take a Chinese passenger back to China unless permitted by these six companies. That system they had for years, and I presume they have it now.

The CHAIRMAN. Is there a general conflict between the Chinese population and all other nationalities in this city?

Mr. PICKERING. Yes, sir.

The CHAIRMAN. Is that conflict confined to laborers?

Mr. PICKERING. No, sir; the question has been gradually changing. I recollect that seven or eight years ago there was hardly anybody in my own office who did not say, "Let the Chinese come. Give everybody a chance"; but I do not think there is one there now who will say so. They find that the Chinese are eating up everything. The few men who own large tracts of land think, as I say, that they can raise wheat and export it at a greater profit by the use of Chinese labor. That is all that there is of the question.

The CHAIRMAN. Do you regard the tolerance of Chinese immigration as compatible with the safety of this State?

Mr. PICKERING. I think that Chinese immigration will not be endured here. I think that there would have been excesses here a few years ago if the best men had not used their efforts to prevent and stop any outbreak. I think that there would have been attempts made to burn the Chinese quarter. I think that our people will not endure the presence of the Chinese.

The CHAIRMAN. Then you think that to tolerate Chinese immigration is not compatible with the safety of the State government?

Mr. PICKERING. I know that it is not.

The CHAIRMAN. And you think that it is incompatible with the interests of the white race on the Pacific coast?

Mr. PICKERING. Certainly; and it is injurious to eastern States too. I have no doubt that, whatever Congress may do, this question will be settled in a few years. According to the best of my information, there are now on this coast about 125,000 Chinamen. They take off, say, 75 cents a day each. You see that no people can stand such a drain. The drain out of this city every month is one or two millions of dollars, and if we had not a constant influx of wealth in every possible shape we would be bankrupt. I believe that a Chinaman can live for 10 cents a day without trouble; his clothing costs him hardly anything. Almost all of it comes from China. Almost all his food comes also from China. They have got to manufacturing a good deal of clothing here now, and the clothing and boot and shoe market is depressed in that way. Now, about rents. Men will tell you that the Chinese pay big rents here. I will tell you how. I can point you out houses, where Chinamen have women living, which pay good rent, but I have no doubt that there are places in this city where, in a room of this size, fitted up with bunks, there are 40 Chinese persons lodged.

The CHAIRMAN. What, in your judgment, is the influence which this Chinese population has upon American morals and upon our standard of character?

Mr. PICKERING. I think that the influence of the Chinese is a good deal worse than the influence of African slavery was.

The CHAIRMAN. In what way?

Mr. PICKERING. This State is becoming full of tramps who do not get work, and the women do not have work. Chinese labor demoralizes us in both these ways.

The CHAIRMAN. Does it have a tendency to drive respectable women out of employment and thus to degrade them?

Mr. PICKERING. I think so.

The CHAIRMAN. What is the condition of labor here now; is there a general depression in labor?

Mr. PICKERING. Yes, sir; a very great one. I question whether labor to day is much higher here than it is in Boston, New York, or Philadelphia. I question whether we cannot go and hire a man just as low here as you can there.

The CHAIRMAN. Is that caused in a great measure by this Chinese competition?

Mr. PICKERING. I think entirely so. We hear, East, that the Chinese have built up this State for us, and that a great deal of the labor which we have had here could not have been done by our own people. Now I do not doubt that but for our Chinese labor our population would be much larger than it is. Immigration has been kept out, and there are a great many people here who talk about going away.

The CHAIRMAN. Is the influx of white population here diminishing?

Mr. PICKERING. Yes, sir; sensibly.

The CHAIRMAN. At what percentage is the influx of white population diminishing on account of the Chinese question?

Mr. PICKERING. I am not posted thoroughly on that point, but I know that the immigration of white labor has very sensibly diminished. It is becoming worse and worse every year.

The CHAIRMAN. Suppose Congress should not interfere with regard to the prohibition of Chinese immigration, what would be the condition of affairs here in this city?

Mr. PICKERING. I will quote what I heard one man say here—a very shrewd man—Ex-Senator Gwyn. A gentlemen said to him that he had no doubt in his own mind that the thing would result in bloodshed if there was not something done by the National Government, and Senator Gwyn said, "One of two things will take place if the Chinese immigration keeps coming. This State and country will be controlled by Chinese. They will get ahead. Chinese immigration has either got to be stopped or our people will make a commotion and drive them out by force." I think it will come to that.

The CHAIRMAN. And that would be a conflict not between the laborers and the Chinese, but between all classes and the Chinese?

Mr. PICKERING. It would have to be a conflict between all classes and the Chinese.

The CHAIRMAN. You think that there is as much hostility between the Chinese and business men as there is between the Chinese and laboring people?

Mr. PICKERING. I think so. The merchants have been the last to realize it, but I think that nearly all of them understand now that their business is falling off because the laboring men cannot earn money to buy.

Mr. COWGILL. I observe all through your statement that you say you have no doubt that things will be so and so. What we are seeking is facts. We do not want speculations or notions founded on hearsay. You said, in answer to a question by the Chairman, that you had no doubt that the tendency of the Chinese was to debauch our youth. What do you mean by that?

Mr. PICKERING. I mean the Chinese women here who are hired by the month, and who sit in the doorways to draw in young boys and debauch them.

Mr. COWGILL. Is not the proportion of Chinese women here very small as compared with the male Chinese population?

Mr. PICKERING. Yes.

Mr. COWGILL. About what is the proportion?

Mr. PICKERING. I would not be surprised if there was in the Chinese quarter a thousand of these Chinese prostitutes.

Mr. COWGILL. Do you not know it to be a fact that there are prostitutes in all large cities, even where there are no Chinese?

Mr. PICKERING. Certainly. Anybody who goes around in the Chinese quarter can see these Chinese prostitutes. I have been in pretty low places. I have been through almost all the purlieus in Paris and London; but I never knew, except here in Chinatown, of women taking in boys for 10 cents. That is common talk, and I believe that it is true. I have had boys tell me so repeatedly, and I have no doubt that it is true.

Mr. COWGILL. In regard to the Chinese having laws of their own by which they are governed here, what is your information on that subject? Is that a matter of conjecture with you, or do you know of the existence of something of that kind?

Mr. PICKERING. I think I absolutely know it. I can bring proof of women having been bought and sold, and this is certainly not done under our laws.

Mr. COWGILL. That may have been done without any law on the subject. What we want to know is, whether the Chinese have any code or system of law by which they are governed and by which their action is controlled, independently of the laws of this country.

Mr. PICKERING. You cannot expect me to be able to read the Chinese code, but if I see a contract made that a steamship company cannot take a Chinaman back to China, or a contract that a woman is to prostitute her body for so much a month, that is as positive proof as you can get that they have a system in violation of our laws.

Mr. COWGILL. Does that prove that they have a law or rule on the subject; or does it not simply prove that there are some women so low and debased as to make a barter of their persons for vile purposes? Have they certain established and well-defined rules by which they are governed in regard to these matters?

Mr. PICKERING. I have no doubt of it whatever. But if you ask me whether I can read Chinese and swear to that, I must say no.

Mr. DICKEY. Can you state that this is a Chinese custom which they bring with them?

Mr. PICKERING. Why, certainly. Everybody knows that they have a system of plurality of wives.

Mr. COWGILL. In regard to the worship of idols, is it not a fact that almost all religious denominations have different modes of worship, and that some of them have images in their churches and all that sort of thing? The Chinese may be somewhat more peculiar than some of the rest, but have you not observed these peculiarities in almost all denominations?

Mr. PICKERING. I know that all denominations have different views about that matter, but I never yet saw any people but the Chinese take out roasted hogs and chickens to feed the departed.

Mr. COWGILL. I understood you to say that you had no doubt that the country is being drained by from one to two million dollars a month by the Chinese. What data have you to base that opinion upon?

Mr. PICKERING. I see about how much wages they make on the average, and I see how much it takes to maintain them.

Mr. DICKEY. And that is the ground on which you conclude that they drain the country of from one to two millions of capital every month?

Mr. PICKERING. We see the shipment of their silver and everything from this coast.

Mr. COWGILL. Can you tell how much these shipments amount to?

Mr. PICKERING. I can get you the statistics here. All these shipments take back more or less.

Mr. COWGILL. Then it is a conclusion which you have drawn from your observation of their industry and economy, coupled with other facts?

Mr. PICKERING. The misfortune is that the people in the east do not know what we know here.

Mr. COWGILL. You stated that you believed that the country was becoming full of tramps because of Chinese labor here. How does it happen that the country far east of here, where there are no Chinese, has been much fuller of tramps for a long time than this coast has been?

Mr. PICKERING. We have got a wonderfully rich country. If we had not, the country would have been drained long ago. Our men never had trouble before in getting work. Our State is capable of a drain which would utterly bankrupt an eastern State. Silver and gold is coming in here continually. We can keep paying it out and paying it out, and still we have enough, but we have got the price of everything put down except wheat and wine.

Mr. COWGILL. I understood you to say that the Chinese labor had reduced the prices of agricultural products, and you spoke particularly of potatoes. Is not the fact that subsistence is cheap calculated to foster manufacturing rather than to retard it?

Mr. PICKERING. It would seem, perhaps, to a stranger, that way. About ten years ago there came an Englishman here, a very intelligent man. He came into my office wanting employment. He was a good writer, and I set him to work. He is here now. A few days afterwards he was struck with the facilities that we had here for manufacturing, and he said, "If we put the Chinese at manufacturing work, we can flood the east and break down their manufactures." I said to him, "You would break us all down. If you get in Chinamen enough for that, there will not be anything left for us." He was very strenuous in his endeavors that I should let his writings on the subject be published, but I would not let them in the paper. This man said to me a week ago, "I am surprised that I was so deluded when I came here first. I believe now that our own country is to be made up with our own people. I do not believe it necessary for us to import servile labor of any kind. I never believed that the South could not get along without slaves, nor am I a believer now in the big farmers of this State having the privilege of farming their land with what is as bad and even worse than African slaves. The negroes kept the financial question right, but the Chinese do not."

Mr. COWGILL. The chairman asked you whether it was not a fact that the tendency of Chinamen here was to degrade and debase the white women of the State. How do they do that? The white women do not associate with these Chinese, do they?

Mr. PICKERING. No; but if our women can all get employment, it keeps them away from demoralization; but women are here, and they cannot get employment, and what can they do? No American woman is willing to go into families as a domestic servant. Irish women do that; but the system of female domestic service is nearly all broken down here.

Mr. COWGILL. Then it is because the women will not work for wages that they are out of employment?

Mr. PICKERING. O, no; if you go to a European city—Paris, for instance—you will find women at every kind of work there; but it is very hard for poor women to make a living, and when they have nothing to live on the result has been detrimental.

Mr. COWGILL. But women here can get fair wages—$15 a month, if they take it.

Mr. PICKERING. Yes; I think they can.

Mr. COWGILL. Do you not know that women do not get more than $8 or $9 or $10 a month in other parts of the country as domestic servants?

Mr. PICKERING. Women's wages are going down here also.

Mr. COWGILL. Then I understand this to be the injury which you think the presence of Chinese here works—that it has a tendency to make women believe that labor is degrading, and that therefore they will not engage in it?

Mr. PICKERING. That is one of the causes, but it is not all of the causes.

Mr. COWGILL. Then what is the other cause?

Mr. PICKERING. It is surprising how this question is perverted in the east.

Mr. COWGILL. How does Chinese immigration degrade female labor here?

Mr. PICKERING. The Chinese are always willing to work for a little less wages than white people, and I suppose that if these women would take all the places now at $15 a month, the Chinese would offer to take them at $12 a month; and if the white women offered to take them at $12 a month, the Chinese would offer to take them for $10; and when the women got to $10 a month, the Chinese would do the work for $8 a month.

Mr. DICKEY. Do these Chinamen who compete with female labor work for less wages than white females can live on decently?

Mr. PICKERING. Always.

The CHAIRMAN. Does not Chinese labor drive white women out of work in the manufacturing shops because the Chinese will do the work for what white women cannot live on?

Mr. PICKERING. I think it does. The Chinese manufacture shoes here, and retail dealers will think that they cannot get their work done by white men, and they will buy these Chinese-made shoes to sell. I think that any persons intending to come here from the east had better stay where they are, rather than come in competition with Chinese labor. The evil is becoming greater every day. The question was asked here, what would be the result if the Chinese were made voters? I will tell you what the result would be: they would sell their votes to whoever would pay most for them.

Mr. MARTIN. I understood you to say that Chinese immigration keeps out white immigration.

Mr. PICKERING. I think so.

Mr. MARTIN. And you think that if this influx of Chinese continues it will finally result in bloodshed?

Mr. PICKERING. I think so, unless Congress does something in the matter.

Mr. MARTIN. What kind of a law would you have Congress pass to prevent Chinese immigration?

Mr. PICKERING. The law that the last Congress passed would be sufficient.

Mr. MARTIN. That would be to limit Chinese immigration?

Mr. PICKERING. Yes; my notions have not changed on this subject. When the Chinese question first began here I was interested in it, and I have written a thousand articles upon it. I feel very decided upon it. I think that Chinese immigration, if kept up, will be the ruin of this coast.

Mr. DICKEY. Is there any class of American citizens or of naturalized citizens who favor Chinese immigration?

Mr. PICKERING. None, except those who have large tracts of land.

Mr. DICKEY. If the law was so changed that the Chinese might become naturalized, would they become citizens?

Mr. PICKERING. Yes, sir; I think so.

Mr. DICKEY. For what purpose?

Mr. PICKERING. For the purpose of making money. But you cannot make a good citizen out of a Chinaman.

Mr. MARTIN. When the Chinamen come to vote, you think they would sell their votes?

Mr. PICKERING. Yes.

Mr. MARTIN. Are you a native of an Eastern State?

Mr. PICKERING. I am a native of New Hampshire.

Mr. MARTIN. Did you never know people down there to sell their votes?

Mr. PICKERING. O, yes; but the evil would not be so bad as it would be with the Chinese. We have it bad enough here among the whites, but not so bad as that.

Mr. MARTIN. Do the whites sell their votes here?

Mr. PICKERING. We think that they do sometimes.

Mr. O'CONNOR. What proportion of the State and city taxes do the Chinese pay?

Mr. PICKERING. I do not believe that they pay one-thousandth part. They hardly pay any taxes.

Mr. O'CONNOR. They have monopolized the laundry business, have they not?

Mr. PICKERING. Yes.

Mr. O'CONNOR. And they have driven the women out of that business?

Mr. PICKERING. Yes.

Mr. O'CONNOR. And they have also monopolized the occupation of house servants?

Mr. PICKERING. Yes; there are some families now here who, out of principle, will not employ Chinese servants, but with these exceptions all the families employ Chinese servants.

Mr. MARTIN. Why do they prefer the Chinese?

Mr. PICKERING. Because they can be always had a little cheaper. No matter what the wages of the others are the wages of the Chinese are always a little below. In the office in which I am concerned we employ altogether about 200 men. I could employ Chinamen, I presume, for 50 per cent. of what it costs us for white men, but we would not do it. Besides, this community would not allow me to publish a newspaper in that way. I believe if I attempted it they would tear my office down. That is my opinion.

Mr. MARTIN. Are there no Chinamen employed in any of the newspaper offices?

Mr. PICKERING. Not many, I think, except, perhaps, to wash something.

Mr. MARTIN. And you give it as your opinion that if you were to publish a paper by the labor of Chinamen the citizens would tear down your office?

Mr. PICKERING. I think so; I think I would not be permitted to publish my paper in this city. Indeed I have no doubt of that fact.

Views of Mr. John F. Schaefer.

Mr. JOHN F. SCHAEFER came before the committee. He said in reply to preliminary questions: I am a resident here; I crossed the plains in 1850, when I was but twelve years of age. We are manufacturing clothing in New York and selling it here. We also sell piece goods, woolens, &c.

The CHAIRMAN. Give us your views in reference to the question of Chinese labor as brought into competition with your own.

Mr. SCHAEFER. My views are that the Chinese are going to ruin the country. They will not only ruin the Pacific States, but as soon as they get through here they will go to the East. I have fought for the Chinese for ten years. I thought that they would make good American citizens, that they would be like other people and would adapt themselves to American customs, but I find that I was mistaken. Even the Chinese merchants and the Chinese millionaires who are here are just as much Chinese to-day as they were when they came here. I know one Chinaman who dresses in American clothes. He talks English pretty well. I said to him some time ago, while the excitement on this subject was high, "Why do you not tell your intelligent people to wear American clothes and to adapt themselves to American customs? They all look like stuffed monkeys in their clothes." "To tell you the truth," said he, "I wear American clothes because I make my living here, but the other Chinamen look upon me as a degraded slave, and they do not admit me into their houses and families because I wear American clothes."

The CHAIRMAN. In your intercourse with them as a merchant, have you learned that there is any affinity or any common feeling between them and the American people, or whether the feeling that exists between them is a feeling of hostility?

Mr. SCHAEFER. I do not know one white man to-day who is in favor of the Chinese coming here.

Mr. CHAIRMAN. Why?

Mr. SCHAEFER. Because he has found out by experience that the Chinese will drive us out by starvation. It is a question of starvation. I talked not long ago to a Chinaman. I said, "Chinaman, you must go." He said, "Me no go; white man go." The Chinese drive us out by degrading labor. Even the manufacturers of cigars and of boots and shoes who employed them at first find out that the Chinese have taken away their business, and that the Chinese can sell at 25 per cent. less than they can. It is merely a matter of time. Chinatown is increasing, and the property of the white people in the vicinity is depreciating. The rich people lose much more by the Chinese than the poor do, on account of the depreciation of property. I have a good deal of property here which I cannot sell for half what it cost me ten years ago.

The CHAIRMAN. Does the presence of the Chinese here prevent immigration from other parts of the United States?

Mr. SCHAEFER. Most assuredly. People cannot get anything to do here. I know young men who are offering to work for me at almost any

price. I have got a clerk in the store whom I keep out of sympathy. He has the best of recommendations, and yet he works for me at $2 a day as clerk and bookkeeper, because he cannot get a better situation. I knew another man, a telegraph operator, who ran around unemployed for six months, and who finally went to work at $1 a day in a sawmill, and he had to pay one of those intelligence offices to get that place. Last week I begged a friend of mine who has a mill in the country to take that man, and he says that when he has a vacant place he will let me know. He employs seventy men. Practical miners get $3 a day, but they have got a society which prevents any man working under that rate.

The CHAIRMAN. Is there a general depression of labor in this State?

Mr. SCHAEFER. Most assuredly.

The CHAIRMAN. Greater than at any other time?

Mr. SCHAEFER. Greater than it ever has been to my knowledge, and I have been here for the last six years steadily. People cannot get anything to do.

The CHAIRMAN. Is this state of things improving or growing worse?

Mr. SCHAEFER. According to my experience it is growing worse.

The CHAIRMAN. Do you employ any Chinese in your establishment?

Mr. SCHAEFER. No, sir.

The CHAIRMAN. Do you manufacture here any of the goods that you sell?

Mr. SCHAEFER. We manufacture custom trade to order here. We manufacture principally in New York.

The CHAIRMAN. What do you think ought to be done with the Chinese?

Mr. SCHAEFER. That is a hard question to answer. I have been thinking that as the people East do not know and will not learn the merits of the question, we ought to send all these Chinese East, and give the people of the East a trial of them. I have been always a steady Republican, but this idea of wanting to sell out (as I may say) our country and homes to the Chinese goes against my grain.

The CHAIRMAN. Have you ever met with a Chinaman whom you could make a citizen of so that he would be creditable to the American standard?

Mr. SCHAEFER. You might just as well try to Christianize the Chinaman. A Chinaman once said to me, "If you give me four bit I will play to Jesus, and for four bit more I will take it all back." It is so in regard to Americanizing them. They will not even leave their bones here. They come out under contract that they shall be sent back to China, or if they die here that their bones shall be sent back.

The CHAIRMAN. Then it is your conviction that you cannot make a civilized American out of a Chinaman?

Mr. SCHAEFER. I thought at first that you could, and I have fought for them many a time and quarreled about them, but I find out that I was mistaken. As to making them American citizens, it is impossible. In different islands in the South Pacific Ocean, where the Chinese have been for one hundred years, the natives have had to clear them out, but the Chinese came back, and the natives did not drive them out a second time. And now the Chinese have these countries, and there are just as many Chinese there as there were one hundred years ago. They will stick to their ideas and their religion just as long as they live.

The CHAIRMAN. Where are the bones of the dead Chinese collected together?

Mr. SCHAEFER. They are dug out of the grave-yard. The flesh is scraped off their bones with scrapers when their bodies are in a decomposed state.

Mr. O'CONNOR. Do not your laws prevent disinterment?

Mr. SCHAEFER. Yes; but our officials get so much from the Chinese that they do not see it.

The CHAIRMAN. Are these bones of dead Chinamen scraped and put in boxes and barrels and sent back to China?

Mr. SCHAEFER. Yes; they are all sent back.

The CHAIRMAN. What is the tariff on Chinese bones?

Mr. SCHAEFER. I do not know.

The CHAIRMAN. Have you been often in Chinatown?

Mr. SCHAEFER. No; I have a family, and have not been there for the last seven years, except in the daytime. I have not been there at night.

The CHAIRMAN. Do you know what Chinatown is?

Mr. SCHAEFER. Yes.

The CHAIRMAN. Do you know here any French town or German town or English town or any other town of a particular nationality?

Mr. SCHAEFER. No; only Chinatown.

The CHAIRMAN. Chinatown is notorious?

Mr. SCHAEFER. Yes.

The CHAIRMAN. In your judgment, Chinese labor is displacing white labor and making it disreputable?

Mr. SCHAEFER. Yes; the Chinese are just ruining the country. They are not only ruining the Pacific States, but in less than fifty years they will have overrun the whole United States. They will starve out the white people by degrees. The English cannot live where we come, and the Spaniard cannot live where we come, but we cannot live where the Chinese come. When I came here first the Spaniards had all the country; but they are not industrious and do not save, and they had to go. The Chinese, however, are just as much ahead of us in that regard as we are ahead of the Spaniards. There is no humbug about this thing; I have studied the matter out.

The CHAIRMAN. Does the cheap Chinese labor drive respectable women out of employment?

Mr. SCHAEFER. Most assuredly.

The CHAIRMAN. How?

Mr. SCHAEFER. I never knew American house servants in my life. You do not find them in the cities. The house servants are all foreigners. Americans will do almost anything else rather than go into domestic service.

The CHAIRMAN. What objection have they to it?

Mr. SCHAEFER. They object to the low wages. The Irish girls, even, do not agree with the Chinamen, and do not want to be where Chinamen are.

The CHAIRMAN. Unless Congress agrees upon some legislation to prohibit this immigration, what will be the result?

Mr. SCHAEFER. My opinion is that if this thing happened in any other country where there was but one nationality there would have been a revolution long ago; but here we stand almost anything. One says it is the damned Irishmen; another says that it is the damned Dutch, or the damned Americans. I do not want to rebel against the government, but rather than be driven out of my home and give up the country to the Chinaman, I would surrender almost anything. I have a good deal of property here, and I do not want to be driven out by a set of Chinese.

If we cannot get protection from the United States Government, we will have to take the law in our own hands.

The CHAIRMAN. Is the existence of the two races together incompatible?

Mr. SCHAEFER. They never can agree together unless we turn Chinamen.

Mr. DICKEY. You said that you had been for a number of years in favor of Chinese immigration.

Mr. SCHAFER. Yes.

Mr. DICKEY. Did you at that time employ Chinese labor?

Mr. SCHAEFER. No; but I thought that the Chinese were industrious men, and I thought that they would settle down and make good American citizens. I would not see a Chinaman abused.

Mr. DICKEY. Then it was because of your philanthropic idea that this was an asylun for the rest of the world that you then favored the Chinese?

Mr. SCHAEFER. Yes; that is the way I felt about it.

Mr. DICKEY. But your experience——

Mr. SCHAEFER. Has taught me differently.

Mr. MARTIN. You say that you have property here which you can not sell for half that you could have sold it for ten years ago?

Mr. SCHAEFER. Yes.

Mr. MARTIN. Do you attribute that depreciation to the fact of Chinamen being here?

Mr. SCHAEFER. Yes.

Mr. MARTIN. Has there not been a depreciation of property all over the United States?

Mr. SCHAEFER. Yes.

Mr. MARTIN. What caused that depreciation everywhere else?

Mr. SCHAEFER. The inflation of the currency while we had all the gold here.

Mr. MARTIN. Do you consider the depreciation of your property attributable to the presence of the Chinese here?

Mr. SCHAEFER. Most assuredly. If we had white immigration here property would soon improve.

Q. And you also think that the labor depression in the State of California is owing to the presence of Chinese? —

Mr. SCHAEFER. Most assuredly.

Mr. MARTIN. And to no other cause?

Mr. SCHAEFER. There may be some other causes, but they do not amount to anything. I believe, for instance, that the existence of large landed estates here that do not pay taxes is another cause.

Mr. MARTIN. Do not these large estates pay taxes?

Mr. SCHAEFER. Not sufficiently. The cultivated parts of the land pay taxes, but not the uncultivated parts. Heretofore it made a considerable difference whether a person had a large tract of land or a small tract. I have a tailor working for me, and he and his brother-in-law have 100 odd acres across the bay. There is another party near them who has about 60,000 acres all around. The man who lives on the top of the hill, and who has 100 acres, is assessed $8 an acre taxes for his land, while this other party who has 60,000 acres of land, and whose land is worth $100 an acre, is assessed $4 an acre. But now our new constitution will settle all that. The worst of all is the Chinese question.

Mr. MARTIN. And you think that Congress ought to pass a law prohibiting Chinese immigration?

Mr. SCHAEFER. Yes. If we were to drive the Chinese East, it would

only hurt the lower class of laborers there. That is how it was here at first, but then the Chinese began to injure the mechanics and the merchants and the property-holders.

Mr. MARTIN. Then do I understand you to say that so long as the injury was confined to the laboring classes you did not care so very much about the Chinese?

Mr. SCHAEFER. When it did not hurt our pockets we did not care so much for the poor laborer. Half of this population at first was in favor of the Chinaman, but now they find that every one suffers. The farmer and the mechanic and the property-holder all suffer equally.

Mr. MARTIN. When the shoe began to pinch, then they squealed out?

Mr. SCHAEFER. Yes. Now you find everybody against the Chinese, except a very few, perhaps. I think that even Mr. Stanford himself would be glad to get them out of the country. The railroads can be built with Chinese labor, but after they are completed there is no one to ride on them.

Views of Dr. C. C. O'Donnell.

Dr. C. C. O'DONNELL came before the committee. He said in reply to preliminary questions: I have been a resident of this city for nearly thirty years. I have been a practicing physician.

The CHAIRMAN. For what part of the time have you lived in the neighborhood of the Chinese quarter?

Dr. O'DONNELL. About twenty-two or twenty-three years.

The CHAIRMAN. Describe it to us.

Dr. O'DONNELL. I have no language to describe the horrors of Chinatown; it is impossible to describe it.

The CHAIRMAN. About what number of Chinese are there in the town?

Dr. O'DONNELL. Between California and Pacific streets and between Stockton street and Kearney street, about five blocks, there are about 32,000 or 33,000 Chinese.

The CHAIRMAN. Give us an idea of the area of those two blocks?

Dr. O'DONNELL. It must be inside of 20 acres, I think. I should say from 10 to 15 acres.

The CHAIRMAN. What proportion of the 33,000 are men, women, and children?

Dr. O'DONNELL. I think that there are somewhere about fifteen men to one woman.

The CHAIRMAN. How many of these women are married and live with their husbands?

Dr. O'DONNELL. About 1 in 100 or 120.

The CHAIRMAN. And the remaining 2,000 women, what is their social condition and status?

Dr. O'DONNELL. They are prostitutes of the lowest type.

The CHAIRMAN. Where do they live and how do they live?

Dr. O'DONNELL. They live in cellars, most of them, underground, and in back alley-ways.

The CHAIRMAN. Are they subject to diseases to a great extent?

Dr. O'DONNELL. They are subject to all manner of diseases.

The CHAIRMAN. Of what character?

Dr. O'DONNELL. They have every type of syphilis, and even leprosy—the most horrible of all diseases known to man. I have discovered a great many cases of leprosy among the Chinese; and the disease is now

spreading among the whites to a great extent. I have seen a great many white persons with leprosy caught from Chinatown.

The CHAIRMAN. Is leprosy a branch of syphilis?

Dr. O'DONNELL. No, sir; it originates from filth.

The CHAIRMAN. Give us an idea of an ordinary Chinese house.

Dr. O'DONNELL. The houses are divided into very small apartments—6 feet by 4 or 5 feet. About fifteen Chinamen sleep in an apartment 8 feet by 10, and generally five to fifteen of them occupy double tenements. Some of the houses are three stories high and two stories under ground, and they are divided up into very small apartments—from 5 to 8 feet, and from 8 to 10 feet. Those that are 5 to 8 feet accommodate from five to seven persons, and those that are from 8 to 10 feet accommodate about ten to fifteen persons. That is a fact, and the authorities all know it, because what is known as the cubic-air ordnance was passed to get rid of that evil, but its execution was found impossible.

The CHAIRMAN. How do so many people get into such a small space? Are they in cribs or shelves?

Dr. O'DONNELL. They have shelves all around like bunks, about 2 feet wide by 6 feet long.

The CHAIRMAN. Are these separate families or do they all belong to one concern?

Dr. O'DONNELL. They work for different manufacturers; ten of them go together.

The CHAIRMAN. These are their sleeping places?

Dr. O'DONNELL. Yes, sir; and a good many of the Chinamen work at night while the others sleep, and when those who sleep at night leave the bunks others take their places.

The CHAIRMAN. What kind of bedding have they in these bunks?

Dr. O'DONNELL. They lie simply on a mat spread on the board, and over that they have some calico stuffed with wool and sometimes silk.

The CHAIRMAN. A sheet is unknown with them, is it?

Dr. O'DONNELL. I never knew of one of them having a sheet.

The CHAIRMAN. Do they use any pillows?

Dr. O'DONNELL. No, sir.

The CHAIRMAN. How are the two lower floors of these houses ventilated?

Dr. O'DONNELL. They have very poor ventilation. Generally there is a little opening over the side of the door.

The CHAIRMAN. How are these tenements lighted?

Dr. O'DONNELL. By oil-lamps. They burn coarse oil. They lie there and smoke opium most of the time at nights.

The CHAIRMAN. Where are those other houses of a disreputable character?

Dr. O'DONNELL. In all the by-alleys of Chinatown; pretty nearly every house is a house of prostitution or a gambling-house.

The CHAIRMAN. What is the game that they gamble at?

Dr. O'DONNELL. Tan principally, and they have lotteries. In every Chinese cigar store all over the city there are Chinese lotteries, which entice young men into gambling. Here is one of the lottery-tickets (exhibiting it). You can go in there and pay 10 cents and receive this ticket, and you go back the next day and are shown what the drawing has been. You examine this and you compare it with the ticket that you received, and if you happen to catch five spots in a row you get 20 cents, and if you catch seven spots in a row you get $2.50. Such lotteries are

to be found in every cigar establishment. Young men walking around generally go into one of these places and try to win a little something, and maybe one of them in a hundred may win a dollar or two.

The CHAIRMAN. It has been represented here by some witnesses that Chinese prostitutes debauch young white boys. Do you know anything on that point?

Dr. O'DONNELL. Yes; they do. Their contaminating influence on boys and children is worse than anything else. They stand in the doorway and call in little boys of all ages from twelve to eighteen. I have every month from five to twenty boys coming to me with those vile diseases, gonorrhea and syphilis, caught in those places. They have a little square opening in the wall, close by the door, and they sit there and try to coax persons passing by to go in. They prostitute themselves to children for 10 to 15 cents.

The CHAIRMAN. Is that carried on to any great extent?

Dr. O'DONNELL. Yes, to a great extent. When boys come to me as patients I ask them where they caught the disease, and they tell me.

The CHAIRMAN. What are these pictures that you have brought into the room?

Dr. O'DONNELL. They are pictures of cases of leprosy. These are cases of leprosy which I found engaged in making cigars underground. This fellow (indicating) has been engaged in making cigars here for 15 years. If you should happen to get one of the scales on your skin, you would be sure of catching the leprosy, and there is no cure for that disease. These scales are infectious. I got all of these specimens out of one establishment, where they had been in one room for five years. They live underground about two stories deep. They burrow like rats.

Mr. DICKEY. Do the dealers in cigars here purchase cigars made by these fellows?

Dr. O'DONNELL. There are some finer looking fellows who peddle the cigars made by them. These fellows are not allowed to come outside. This man (indicating one of the pictures) told me that he never saw the sun in the daytime. They never come out in the light of day. It is always in the nighttime that they come out. I have seen a good many white men with leprosy.

Mr. MARTIN. Are the cigars that are made by these fellows shipped to the East?

Dr. O'DONNELL. I hope so. I hope they are shipped out of this State.

The CHAIRMAN. Is the shop in which these men are employed in existence to day?

Dr. O'DONNELL. We sent these men back to China. There is no cure for the disease.

The CHAIRMAN. And you say that white men get it occasionally?

Dr. O'DONNELL. Yes; I can show you three or four cases to day in San Francisco. It is spreading very rapidly, but the disease takes four or five years to develop itself. It begins with an itching sensation. I have gone in company with the board and with the supervisors to Chinatown, but they would never go into more than four or five houses. They would say that they had seen enough.

The CHAIRMAN. Are the Chinese in the habit of sending for you professionally?

Dr. O'DONNELL. They have come to my place, but I have turned them out immediately and have told them that there was no cure at all for them.

The CHAIRMAN. Have you any idea that the persons represented in these photographs would make good reputable citizens?

Dr. O'DONNELL. I never say a Chinaman yet who, in my opinion, would make a good American citizen.

The CHAIRMAN. In your long intercourse with them, have you ever met any of them who has abandoned his religious ideas?

Dr. O'DONNELL. I never did.

The CHAIRMAN. Have you ever been in their places of worship?

Dr. O'DONNELL. Frequently.

The CHAIRMAN. Give us an idea of them.

Dr. O'DONNELL. The place of worship is in one of these back alleys. It is a long narrow room and there is a kind of altar there on which are wooden images, which they call Joss. It is a wooden image cut out of a piece of hard wood and looking as much like an alligator as a human being. It is something between an alligator and a human being. They take the form of a human being and they try to deform it in every possible shape by carving.

The CHAIRMAN. What is the system of adoration of their gods?

Dr. O'DONNELL. They go before them and bow and smoke. They believe that their bodies must be buried in the celestial empire or that they would never go to Heaven. That is their firm belief.

The CHAIRMAN. Have they a conception of Heaven?

Dr. O'DONNELL. They think there is such a place as Heaven. They call Heaven their country.

Mr. DICKEY. Do all classes of Chinamen worship those idols?

Dr. O'DONNELL. Yes, all classes.

The CHAIRMAN. What day of the week have they for worship?

Dr. O'DONNELL. The temple is open every day at all hours.

The CHAIRMAN. Have they no Sunday?

Dr. O'DONNELL. None whatever.

The CHAIRMAN. Are there always Chinese people in this place of worship?

Dr. O'DONNELL. Yes; always.

The CHAIRMAN. Have they a priest there?

Dr. O'DONNELL. They have some high joss there—the great I am. He is considered the high judge, and he pronounces sentence mostly on those who commit crimes or who happen to do anything to injure the principal men or merchants.

The CHAIRMAN. Have they a court for the administration of justice?

Dr. O'DONNELL. Yes; they have their private tribunal.

The CHAIRMAN. What crimes are cognizable before that court, according to their customs?

Dr. O'DONNELL. In case a Chinaman gives any testimony contrary to the will of that people he is ordered to be shot or killed. They have their executioners whom they call "high binders."

The CHAIRMAN. Who are they?

Dr. O'DONNELL. They are men covered with a kind of armor made of steel wire which cannot be penetrated by bullet or knife; and these men are bound to carry out any judgment of that court.

The CHAIRMAN. What penalties does that inflict?

Dr. O'DONNELL. The death penalty for certain crimes.

The CHAIRMAN. Do you know of instances where the sentence of that court has been carried out?

Dr. O'DONNELL. Yes; that is well known by the authorities of the State.

The CHAIRMAN. And do the criminal authorities of the State pay no attention to the matter?

Dr. O'DONNELL. It is a hard thing to bring them to light, for when-

ever witnesses are brought before the six Chinese companies they will go right back on their words and will not reveal anything. They would not dare to swear against one another.

The CHAIRMAN. What other punishment besides death is inflicted by sentence of this court?

Dr. O'DONNELL. Whipping. I have seen men and women whipped and pursued and nearly killed. I have been called upon several times to see women who had been beaten nearly to death.

The CHAIRMAN. With what?

Dr. O'DONNELL. With clubs and sticks. They also use dull-pointed instruments and probe them. I have been in places where these Chinese had a room, a long place underground about 200 feet under the sidewalk, and if any one of them dies there, and if they cannot get a physician to give a certificate of death, they throw the dead body right in there, and after a time they remove the flesh off the bones, throw the flesh into the sewer, and ship the bones home to China. You never see the funeral of a Chinese child in this city.

The CHAIRMAN. What is the offense that is punished among them by the death penalty?

Dr. O'DONNELL. Revealing any of the secrets of the orders of the Chinese court. That is what they have told me themselves.

The CHAIRMAN. What other offenses are esteemed by them as worthy of punishment other than the punishment of death?

Dr. O'DONNELL. They have got their own prison. They are put into dark cells and some of them are starved to death.

The CHAIRMAN. Do you know of any instances where death has been produced among them by starvation?

Dr. O'DONNELL. Yes, sir, many instances.

The CHAIRMAN. How do you know that fact?

Dr. O'DONNELL. Because I have gone to their hospital and have seen them lying there, and they have told me that they had nothing to eat for three or four days. When a Chinaman is very sick and when they expect him to die they send him right to hospital without anything, even without clothing.

The CHAIRMAN. Is their hospital over ground or undergorund?

Dr. O'DONNELL. Some above ground and some below ground. They are old shanties, dirty old places, where white men would be afraid to penetrate.

The CHAIRMAN. What is the food of Chinamen?

Dr. O'DONNELL. Mostly rice, which they ship from their own country. From what I can understand from the six Chinese companies themselves Chinamen can live at from 3 to 8 cents a day.

The CHAIRMAN. Do those people who have the disease of leprosy express any desire to get rid of it, or do they submit to it as a part of their destiny?

Dr. O'DONNELL. They just submit to it; they know that there is no cure for them. It is not the best class of Chinamen who come here, but the low-river pirates who live outside of the walls. There may be a few independent Chinamen who come here, but most of them are shipped from Hong Kong, and are the lowest type of river thieves and pirates. When a steamer arrives from China I generally go down and have a conversation with the captain and mate. When the ship Crocus arrived here three or four years ago, I visited her to see if there was any smallpox on board, and in a conversation with the captain he said that it was almost impossible for him to bring the ship in, as the Chinamen that he had on board were all pirates, and that he had to increase his crew and to keep

red hot pokers ready so as to keep the Chinamen in subjugation. The mate also told me the same thing. That vessel brought over somewhere in the neighborhood of 800 Chinese. I was going down the street in my buggy when I saw one of these Chinamen come off the vessel. He had the small-pox. I drove up to him, stopped my buggy, and saw that it was a case of small-pox. I then went down on board the steamer to know if there were any more such cases there, and then it was that I gained this information. I found that it was no use, as these people always make their way to Chinatown.

Mr. O'CONNOR. Can leprosy be communicated otherwise than by touch?

Dr. O'DONNELL. Only by touch. A few years ago one of the ablest jurists in this State died with leprosy, and he said that he caught it by taking a seat after one of these lepers got up out of it.

Mr. O'CONNOR. Have the Chinese inoculated any of your citizens with leprosy?

Dr. O'DONNELL. Yes; I have had several call upon me, and have advised them to be inoculated with syphilis for the purpose of stopping the leprosy. I had an idea that the introduction of syphilis into a person affected with leprosy would stay the progress of the leprosy.

Mr. O'CONNOR. The syphilis being preferable to the leprosy?

Dr. O'DONNELL. I should so consider it because there is no cure for the leprosy. I think, however, that the virus from a coolie in syphilitic pus introduced into a white person is certain death. I have never seen a person or child recover who had got the syphilis from a China-woman. It is a good deal worse than syphilis caught from a white person. We have in the neighborhood of 185,000 Chinamen in the State of California. We have 76,000 of them working here.

Mr. DICKEY. These hospitals that you spoke of—are they Chinese hospitals?

Dr. O'DONNELL. Yes.

Mr. DICKEY. Have they physicians in them?

Dr. O'DONNELL. Yes.

MR. DICKEY. What is the mode of treatment?

Dr. O'DONNELL. Teas of various kinds, and they use alcohol with different vermin—snakes, &c. Most of the Chinese doctors administer that. A Chinese doctor left me a lot of drugs which he generally used, and, he said, very successfully. They were snakes of various kinds put up in alcohol. They mix that with tea and give it for certain diseases.

Mr. DICKEY. That is, they administer the alcohol after being in the bottle with the snakes?

Dr. O'DONNELL. Yes; Chinese physicians have made me presents of such medicine, and told me how they used it, and that they used it very effectually in certain diseases. They give about a teaspoonful of this liquid.

The CHAIRMAN. Do you know anything about the contract system under which Chinese prostitutes are brought and kept here?

Dr. O'DONNELL. Yes, sir. They are contracted for in Hong-Kong. They come here and live this life of prostitution for so many years, for such an amount.

The CHAIRMAN. Who make these contracts?

Dr. O'DONNELL. The six Chinese companies. That is the greater part of their trade.

The CHAIRMAN. Do you know anything as to the usual terms of these contracts—the money consideration?

Dr. O'DONNELL. Yes. I have doctored a great many Chinamen and

women. I used to have a very large practice among them. They say that the women get from $1.25 to $1.50 a month. They work for so long a time for that amount.

The CHAIRMAN. What becomes of the money which these women earn in that occupation?

Dr. O'DONNELL. It is handed over to these six Chinese companies by the men to whom they hire these women.

The CHAIRMAN. Then the companies hire out these women for prostitution, and the women hand over the proceeds to the men who hire them, and the companies are paid the amount agreed upon?

Dr. O'DONNELL. Yes. The six Chinese companies appoint a certain number of old women who take charge of these prostitutes. Their age, when they come here, ranges generally from ten to fifteen and as high as twenty years. They are generally very young.

The CHAIRMAN. Do they come here in a healthy state?

Dr. O'DONNELL. Generally. Some of them whom I have seen have been very healthy; but almost all of them are diseased now.

The CHAIRMAN. Do they contract the disease after they come here?

Dr. O'DONNELL. I do not know. I know that the greater part of them are diseased at the present time.

The CHAIRMAN. Does that disease assume a fearful shape and condition?

Dr. O'DONNELL. Yes.

The CHAIRMAN. Does it often produce death?

Dr. O'DONNELL. Yes.

The CHAIRMAN. Is there no cure for it?

Dr. O'DONNELL. There is a cure for it; but these women do not pay much attention to it. They allow it to run. They inoculate young boys with the disease, and it spreads in that way. Young white boys with 10 or 15 cents go there and satisfy themselves. They are decoyed in and catch the disease, and they go out and spread it among white women.

Mr. DICKEY. Who constitute these six Chinese companies? Are they separate organizations that import Chinamen to this country?

Dr. O'DONNELL. The companies are in China. Those that are here are the agents for the companies

Mr. DICKEY. And there are six different agencies here?

Dr. O'DONNELL. There are eight of them now. I did know the names of them all.

Mr. DICKEY. How long ago did they increase the number of agencies here from six to eight?

Dr. O'DONNELL. Within the last four years. A few days ago I got hold of a Chinaman named Wo Wing; a very intelligent Chinaman. He said that he had been a slave to the Ching Wong Company for six or eight years, and that he thought he would be shortly free. I got to questioning him as to how he had been brought here, and whether all the Chinamen who were brought here were slaves. He said that they were all brought here the same as he was. I asked him if I could get him to give that testimony before the court. He said he would be afraid to do so; that if he did they would kill him instantly. I said that I would protect him if he would give that testimony. He said that every Chinaman who came here came pretty much as a slave to these six companies. I asked him would he swear to that, and he said that if he would they would surely kill him. I said, "Why?" He said, "These fellows whom they call "high-binders" have told me how they were dressed, and that for $1 they would kill anybody whom they were ordered to kill." I told him that I would see that he would be well

protected if he would give correct testimony in regard to how he got here, and that I would guarantee that they would not kill him without killing me. Finally he consented to give his testimony, and I went before an attorney of the circuit court, Mr. Van Dusen, to get him to take this testimony, and to have the Chinaman sent to Alcatraz to be kept there until the trial came on. I had another Chinaman and I wanted to have the two sent to Alcatraz until the trial. Mr. Van Dusen told me to call again at twelve o'clock and that he would give me a warrant for the arrest of the six Chinese companies after having the testimony taken before a justice of the peace. I went back at twelve o'clock for the warrant, but it appeared that the six Chinese companies, with their bondsman, Colonel Bee, were there a minute after the warrant was issued. I went back to my office to serve the warrant, and I told my office boy, a very quiet sort of a boy, not to let a single person speak to these other Chinamen. But immediately after I left the office two Chinamen got into my back room (how they got there I never could tell) and they immediately took this Chinaman right off to the company. I went for him afterwards and he said he would not come. They are afraid to reveal any facts. This Chinaman said to me that if he did such a thing he would be sure to be killed.

Mr. DICKEY. How many of these armed men are there who wear this net-work of wire?

Dr. O'DONNELL. There are nine to each of the tribunals.

Mr. DICKEY. What kind of armor is it that they wear?

Dr. O'DONNELL. It is wire-woven work.

Mr. DICKEY. Do they wear it all the time?

Dr. O'DONNELL. All the time. I got this Chinaman to describe it to me particularly.

Mr. DICKEY. You have seen it yourself, have you not?

Dr. O'DONNELL. Yes; I have seen the way it is made.

The CHAIRMAN. And these men who wear it are executioners?

Dr. O'DONNELL. Yes; every week there are eight or ten deaths of Chinamen advertised in the newspapers, disease unknown. The Chinese do not dare to publish what the disease is. They go to a physician sometimes, and give him $2.50 to sign a certificate that such a Chinaman died, disease unknown. My opinion is that in such cases the disease is leprosy, because I have seen a great many cases of death from leprosy among them.

Mr. COWGILL. Is it a common thing for physicians here to give such certificates?

Dr. O'DONNELL. Yes; it is a common thing.

Mr. COWGILL. To give a false certificate for $2.50?

Dr. O'DONNELL. Yes.

Mr. COWGILL. Will physicians give a certificate without knowing anything about the case?

Dr. O'DONNELL. Yes; Chinamen have often come to me, and said to me, "Doctor, I would like you to sign this certificate," laying down $2.50.

Mr. COWGILL. Do you do it?

Dr. O'DONNELL. No, sir; I do not do it.

Mr. COWGILL. But there are other physicians who do it?

Dr. O'DONNELL. Yes, sir.

Mr. COWGILL. Do all of them do it?

Dr. O'DONNELL. I suppose so.

Mr. COWGILL. And that is the character of your physicians here?

Dr. O'DONNELL. Yes, sir. These physicians will not go to Chinatown.

Our health officer stated here once in his testimony that he had not been in Chinatown in eight years.

Mr. COWGILL. Do you state it as a fact to this committee that the principal physicians of this city, or nearly all of them, will give certificates of that kind for a fee of $2.50?

Dr. O'DONNELL. Yes, sir; I know that they do it.

Mr. COWGILL. Nearly all of them?

Dr. O'DONNELL. Yes, sir; Chinamen have come to me with certificates to sign. I would not sign, and then they have gone to other physicians and got them to sign.

Mr. COWGILL. And you are the only exception?

Dr. O'DONNELL. I have signed certificates of death, but I generally know what the disease is.

Mr. COWGILL. So far as you know, are you the only physician in this city who will not give certificates of this kind for a fee?

Dr. O'DONNELL. I did it.

Mr. COWGILL. For a fee?

Dr. O'DONNELL. Yes; I go and examine and ascertain as nearly as I can what the disease was.

Mr. COWGILL. And you say that the others do not do that?

Dr. O'DONNELL. If you read the newspapers you will see that there are ten or fifteen cases of deaths in Chinatown every week, disease unknown.

Adjourned till to-morrow at eleven o'clock.

SAN FRANCISCO, CAL.,
August 16, 1879.

Views of Joseph C. Gorman.

Mr. JOSEPH C. GORMAN came before the committee as a volunteer witness. He said, in reply to preliminary questions, I am a resident of San Francisco; I have resided here eleven years; I have been a tinner, and a surveyor, and engineer on a railroad; I was four years surveying on the railroads; I am engaged in the tinning business.

The CHAIRMAN. State what effect the presence of the Chinese has upon your trade and occupation?

Mr. GORMAN. In one part of my trade the effect of Chinese competition is very little, because the work is too hard for them; but in other parts of it where the work is light they can do it so much cheaper than white men can (having no families and living so cheaply) that we cannot compete with them at all. They can do it in canning factories, for instance. On the Columbia River there are several thousand Chinamen employed in that work, and they do it so much cheaper than white men can live for that we cannot get employment in that business at all. That is 600 miles north of San Francisco. I think that two thousand would be a low estimate for the number of Chinamen employed there.

The CHAIRMAN. Were you in business there?

Mr. GORMAN. Not for myself. I was surveying on a railroad and could see the operation of this Chinese competition there. I was surveying there from 1870 to 1874. On that railroad there were from twelve to fifteen hundred Chinamen employed. That was in Washington Territory. There was another railroad building in Oregon where Chinamen were also employed. I suppose that at a low estimate there

were from six to eight thousand Chinamen employed on that occasion; some of them got $26 a month and found themselves. Of course a white man could make but very little money at such wages. White men where they were employed got from $35 to $40 a month; but very few of them were employed.

The CHAIRMAN. Did you find white men out of employment in consequence of that Chinese competition?

Mr. GORMAN. Yes; you could get hundreds of white men all the time.

The CHAIRMAN. Could they find employment?

Mr. GORMAN. No sir.

The CHAIRMAN. Could they have procured employment if they had reduced their wages to the Chinese standard?

Mr. GORMAN. It did not seem to me that they could. It seemed as if there had been a contract made by Chinese merchants in Portland to furnish so many Chinese laborers. These merchants dealt in Chinese stores, which all these Chinamen had to use, so that the merchants were making money in both ways.

The CHAIRMAN. In what other localities did you observe this state of things?

Mr. GORMAN. The same state of things existed all along the Columbia River. There are about 20 or 25 canneries there, and they were all overstocked with Chinese.

The CHAIRMAN. How long did you remain in that country?

Mr. GORMAN. Four years. This was the state of things then, and is yet. All the white men who were employed in these canneries were perhaps a foreman over from 60 to 80 Chinamen, and also the men who did the fishing in the river. This was from 1870 to 1874; but I am informed that it is just the same now.

The CHAIRMAN. Are you now engaged in the tinning business?

Mr. GORMAN. I am.

The CHAIRMAN. How do the Chinese come in collision with you?

Mr. GORMAN. Because they do the work so much cheaper that we cannot compete with them. They have shops of their own; they take the raw material into these shops, and they work day and night. They have no families, and they live crowded together. In those five or six city-blocks where they live there are probably 30,000 Chinamen, whereas it would take 75 blocks to hold the same number of white men. In this way the Chinamen live so much cheaper than white men that it is impossible to compete with Chinamen.

The CHAIRMAN. What system have the Chinamen of vending their wares?

Mr. GORMAN. They sell them to wholesale dealers—white men. They are employed by these wholesale dealers.

The CHAIRMAN. Will you be able to continue your business in competition with Chinamen?

Mr. GORMAN. There are some portions of our business that the Chinese will not touch at all. They will not touch outdoor work or hard work.

The CHAIRMAN. What kind of work do you mean?

Mr. GORMAN. I mean any work around buildings.

The CHAIRMAN. Do the Chinese understand plumbing?

Mr. GORMAN. No, sir; not at all. That trade they have not been able to learn. The plumbers do not allow them to learn it, I guess. It is only tin ware and canning-works, and such small work as they can do inside, that they care for—coffee-pots, tin pans, and things of that sort. Forty or fifty of them get down into a cellar and work at these things.

The CHAIRMAN. Do they come here from China with a knowledge of the business, or do they acquire it here?

Mr. GORMAN. I think they acquire it here, although I never saw a shop where they learned it. A few of them generally learn a business, and when they get a full knowledge of it they go into business for themselves and they run their former employers out of the trade.

The CHAIRMAN. How many of the persons engaged in your branch of business have been obliged to abandon it on account of the interference of the Chinese?

Mr. GORMAN. I do not know that they have been exactly obliged to abandon it. They have been in a certain sense. I have known within the last two years fifty tinners to leave this coast and go east. I know of one shop that had to discharge from twenty-five to thirty tinners. I do not know that that was in consequence of the direct competition of the Chinese, but I know that these Chinamen send goods to different parts of the State, where these other dealers had been sending their goods. The shops carried on by white men could not sell their goods so cheaply as the Chinese can, and they had to discharge their men.

The CHAIRMAN. Give us an idea of what branch of workmen in your line of business are out of employment here by reason of this Chinese competition.

Mr. GORMAN. Those who work on household tin-ware, and in canning establishments. The largest number are those who used to work in canning establishments, because such establishments employed a great many men.

The CHAIRMAN. Is that branch of work totally absorbed by the Chinese?

Mr. GORMAN. Very nearly. I have never been on the Sacramento River where there are canning establishments, but I have been on the Columbia River, and there the work is almost entirely in the hands of Chinese.

The CHAIRMAN. What, in your judgment, is going to be the effect of all this if Chinese immigration continues?

Mr. GORMAN. My judgment would be that if the Chinese immigration continues we will have to leave or fight; I cannot see any other way. They will either drive us out or compel us to fight, because there is no such thing as competition with them. If the government does not give heed to us I do not know what we shall do. We shall have either to leave the country or to have a row, and I do not think that white men will be very apt to leave this country for Chinamen.

The CHAIRMAN. That would depend on the forces opposed to you.

Mr. GORMAN. We can stay here even if we are dead. Our bodies will stay here. We mean to stay here at all events. One of the reasons for our hard times here is that while 80,000 Chinamen are employed constantly we white men are out of work. These Chinamen send their earnings back to China instead of employing them here and building and owning property here. I knew a Chinaman who had saved some $1,200, and he went right back with it. In that way they all take the money out of this country, while the white men stay here and build homes here. If we had 50,000 white men here at work instead of 100,000 Chinamen the money would be kept here and the country would be more prosperous. If half of the number were white men there would be employment given to a great many thousand mechanics, and stores and shops would be supported.

The CHAIRMAN. Is it a common thing for persons in your line of business to come here from the East?

Mr. GORMAN. There are very few persons of my occupation now coming here from the East. I have had letters from the East, and have advised my friends not to come here.

The CHAIRMAN. How much can the Chinese undersell you?

Mr. GORMAN. A few years ago we were getting in Oregon for a certain work on cans at the rate of $1 a thousand, and now the Chinamen have got it down to 36 and 40 cents a thousand. They do work for one-half less than we can do it for.

Mr. MARTIN. What do pound cans cost?

Mr. GORMAN. Cans are sold by the dozen; some of them at $2 a dozen; some more and some less, according to the size. I believe the pound cans are now selling for a dollar a dozen, and some of them I think as low as 80 cents a dozen.

The CHAIRMAN. Do you know anything about Chinese immigration, as to whether it is diminishing or increasing?

Mr. GORMAN. I believe that for several months it had been diminishing, but I believe that lately it is on the increase again. There was a time when there was a great deal of excitement raised against the Chinese here, and at that time Chinese immigration decreased. But I have noticed in certain late arrivals from China that there have been pretty full cargoes on the steamers. I suppose that the excitement had stopped immigration for a time.

The CHAIRMAN. From your knowledge of the subject do you think that the Chinese and the white race can exist in harmony here together?

Mr. GORMAN. Never.

The CHAIRMAN. You think that the white man will never assimilate to the Chinese nor the Chinese to the white man?

Mr. GORMAN. They never can assimilate. When I came to this coast I had no feeling against the Chinamen. Whatever feeling I had on the subject was in their favor, because from my early reading on the subject I had supposed that China was the greatest country in the world. But I know now that the two races cannot agree, because one can live so much cheaper than the other that it is impossible to have them live together. One will drive out the other.

Mr. MARTIN. You confine your statement to the Columbia River. I understood you to say that white men could get employment there if Chinamen were not there.

Mr. GORMAN. These canneries were all started originally with white men as workers, and they afterwards employed Chinamen. Certainly white men could get work there if there were no Chinamen there.

Mr. MARTIN. The result of your testimony is this: This Chinese labor is an injury to the poor working man; but it is beneficial to the poor consumer. The man who consumes the articles produced by Chinese labor is benefited because he finds these articles cheaper; but the laboring man whose wages are interfered with is injured because the Chinaman can work at less wages than he can.

Mr. GORMAN. To a certain extent that would be so, but still the advantage to the consumer is so little that that can be scarcely taken into consideration. While a man may save half a dollar a month by buying Chinese made goods he may be thrown out of employment altogether on account of the Chinese.

Mr. MARTIN. Suppose I want to buy a thousand of these cans, I can buy them for less money if they are manufactured by the Chinese than I can if they are manufactured by American workmen.

Mr. GORMAN. That is so.

Mr. MARTIN. Therefore the dealer can sell to the consumer for less money?

Mr. GORMAN. Yes

Mr. MARTIN. Therefore the consumer is benefited to that extent?

Mr. GORMAN. Yes.

Mr. MARTIN. But the American in the same line of business is injured because he cannot work as cheaply as the Chinaman can?

Mr. GORMAN. That is nearly the result of it, except that I may add that it will do no good to the poor man to be able to buy goods cheaper if he cannot get employment.

Mr. MARTIN. You say that the Chinese immigration is on the increase?

Mr. GORMAN. I think that it is, at present.

Mr. MARTIN. How long have you been living here?

Mr. GORMAN. Eleven years.

Mr. MARTIN. And you give it as your opinion that the races cannot live here together peaceably and quietly?

Mr. GORMAN. I do.

Mr. MARTIN. What is your idea of the remedy for the trouble?

Mr. GORMAN. To stop Chinese immigration.

Mr. MARTIN. You think that Congress ought to pass a law to stop Chinese immigration entirely?

Mr. GORMAN. I do.

Mr. MARTIN. Would you have Congress to pass a law interfering with the Chinamen who are at present here?

Mr. GORMAN. Of course we can get along with those who are here now. Still they are already crowding out our business. If you stand in Liedersdorff street, or in any of those streets crossing Montgomery street, and see the number of Chinamen who are crossing back and forth from Chinatown you would probably be surprised.

Mr. MARTIN. Do you know anything about the health of Chinatown?

Mr. GORMAN. I do not.

Mr. MARTIN. Is it healthy or unhealthy?

Mr. GORMAN. At present it looks cleaner than I ever saw it in my life. I guess you cannot kill Chinamen very easily. They are pretty tough; but I do think that if ever any epidemic disease comes here that place will produce it. If it were not for the cool northwest winds here in San Francisco we would be in a very bad condition from Chinatown; that is, if dirt and filth have any bad effect.

Mr. MARTIN. The result of this Chinese question is this, that the man who consumes the articles produced by Chinese labor is benefited?

Mr. GORMAN. To a certain extent, yes.

Mr. MARTIN. But the American who is engaged in the same business is injured, because he cannot get such wages as he can live properly on and support a family?

Mr. GORMAN. Yes.

Mr. MARTIN. Therefore Chinese labor comes in conflict with American labor?

Mr. GORMAN. Yes.

Mr. MARTIN. The Chinaman can work for a dollar a day, while the American requires $1.50?

Mr. GORMAN. Exactly.

The CHAIRMAN. But the result of the Chinese immigration will be that there will be no white producers left?

Mr. GORMAN. Not in this country.

The CHAIRMAN. How about the city?

Mr. GORMAN. The city will become a Chinese town altogether.

The CHAIRMAN. Then it will be the means of driving the consumers entirely out of the city, and there will be no consumers left?

Mr. GORMAN. Certainly.

Mr. MARTIN. If a man wishes to hire 100 hands upon a farm, or in a hotel, or at any other occupation, why is it that he employs Chinamen?

Mr. GORMAN. Because he can get them so much cheaper, and can do as he pleases with them.

Mr. MARTIN. Is not the cause of employing Chinamen really the fact that they can be employed for less money?

Mr. GORMAN. Always.

Mr. MARTIN. A man who buys this tinware and these cans made by Chinese labor does so because he gets them for so much less money?

Mr. GORMAN. Certainly.

The CHAIRMAN. Can a white man live here at the compensation which a Chinaman receives and maintain a decent character and appearance?

Mr. GORMAN. No, sir; he cannot raise or educate a family on what Chinamen can live on and get rich.

Views of Mr. Thomas Terry.

Mr. THOMAS TERRY came before the committee. He said in reply to preliminary questions: I have been a resident of this city and State about seventeen years. My business is that of manufacturing hose, belting, collars, harness, &c., connected with the leather business.

The CHAIRMAN. What effect has Chinese cheap labor on your business and occupation?

Mr. TERRY. It has the effect of humbling the white men in our business. It has the effect of discouraging my brother mechanics from coming here and living on this coast. It has the effect of driving many skilled men in my business into the Army and the Navy and the harvest field, and from this country altogether. That is the effect which it has in reality. There are some large houses in this city which employ Chinamen on harness work, particularly on collar work. I am a man of large family; I have raised some children here, and have a family of eight to provide for. Through my industry in early days here I took up government lands under my right as an American citizen, but my harvests unfortunately failed through drought, and I was compelled to give up farming and to return to this city and seek employment. I was out of the city only four years, but when I came back I found myself, as it were, in a foreign country; I found my business changed. From being a flourishing business for white men and white boys, it has passed into the hands of Chinamen with only white men as their foremen. I found the prices such that it would be impossible for me, even if I did get employment, to maintain myself alone, much less to maintain my family respectably. But in the first place I could not get employment at all, and if I did get employment in harness and collar making I could not get pay enough to maintain my family with common running expenses. The Chinamen are also in the business of harness making. White mechanics who are not so skilled are the most unfortunate, because the Chinese competition is the greatest we have. On what we call fine harness work we can occasionally get a job; but in this city to-day the skilled men in our branch of the business do not get as much wages as a common average mechanic gets in the city of Boston, Mass.

The CHAIRMAN. Are you a journeyman?

Mr. TERRY. I am a journeyman mechanic. I have been working for others all my life since I have been able to work.

The CHAIRMAN. What is the price of wages now compared with what it was before the Chinese usurped the channels of employment here?

Mr. TERRY. When I first arrived in this country the average wages of mechanics was about $3 a day, in my particular line of business. A good many of them worked for $2.50, but others got from $3.25 to $4. To-day you can get first-class mechanics in our branch of business for $10 a week, and one establishment in this city (the largest) is employing men for $10 a week—many of them the best skilled mechanics.

Mr. MARTIN. Are they men of families?

Mr. TERRY. Yes; some of them have families.

Mr. MARTIN. Can they live on that wages?

Mr. TERRY. If a man had a family as large as I have it would be pretty difficult for him to live on that wages.

Mr. MARTIN. It would be very troublesome for you to live with your family on $10 a week?

Mr. TERRY. I might exist, provided I was fortunate in the way of keeping good health; but my family could scarcely exist on $10 a week.

The CHAIRMAN. What is paid to a Chinaman for the same work for which white men get $10 a week?

Mr. TERRY. The Chinamen are paid all the way from $5 to $8 a week.

The CHAIRMAN. Then the difference between what Chinamen do the work for and what white men do the work for has the effect of driving white mechanics out of the business?

Mr. TERRY. Yes; I can to-day find you men by the score in our branch of business who, if they had means enough to get back to their native cities in the East, would be only too willing to go back. I can point out to you mechanics standing on the railroad cars as extra men waiting for a day's work or half a day's work, and merely getting enough work in the week to keep them. Some of them get one day's work in a week as an extra man on car driving. I know some of them who have been car-driving for two or three years, and it would be impossible for any man in our branch of business to hire these men again as harness makers, and to put them into the harness shops, because they consider themselves better off and better paid now as car drivers than they would be as mechanics.

The CHAIRMAN. Then they have been driven from their occupations, and have to seek other branches of employment?

Mr. TERRY. Yes.

The CHAIRMAN. Receiving less prices for longer hours of labor than they used to receive in prosperous days for shorter hours?

Mr. TERRY. That is it. I have been a close observer of this matter. In the first place I pretend that I am a native of this country. I came here with my family with the determination to make this my home and to stay here. I showed that determination when I accumulated means enough, by economy, to establish myself on government lands and to make for myself a home. When I found that means failed me I returned to the city, but found, after getting a situation, that I could, by economy, save a little money, and the first step I took was to purchase a homestead under mortgage. I love my country and its institutions, and my notion of it is that the presence of the Chinese here is dangerous to me and to all my fellow-workingmen who have to labor for a living. At one time here a few years ago, a gentleman carried on the business of

manufacturing slippers. It was the only slipper factory in the city, and he accumulated in a short time a good deal of money. He employed one Chinaman in a cellar on the corner of Sacramento and Battery streets. In a short time this Chinaman worked in his cousin (they all have cousins), and in the course of a year a Chinese company (whether it was this first Chinaman and his cousin or some others, I do not know) owned this slipper establishment. Mr. Marks, the original owner, then started into the business of boot and shoe making, but found that that was not as profitable as the slipper business, on account of the Eastern competition, and he attempted to get back again into the slipper business. He found, however, that it was utterly impossible to get back into it again, because John had a hold of that business. The fact of one of these Chinamen learning a business is quite sufficient to take away that business from white men, because this Chinaman gets in another, and then gets in more, and he educates them; and in a year from that time it would be utterly impossible for any white man to compete with the Chinamen in that line of business.

Mr. MARTIN. Are these Chinamen whom you spoke of in the slipper business still?

Mr. TERRY. I cannot say whether these particular Chinamen are, but I know that the Chinese run the slipper business in this city, and have the sole control of it. They followed the slipper business up until a few of them got into the boot and shoe business. At the start they only made ladies' work, but they got on and on until now they manufacture men's work, and to-day the result is that with the improved machinery in the boot and shoe business, and with the aid of Chinese labor a man can run a shoe factory successfully in this city independent of any white labor, even independent of a white foreman. To-day in this city factories are running with improved machinery at which the Chinamen get skilled, and the employer is perfectly independent of and can conduct his business without any white man. Now, the Chinaman himself goes into the business; and the Chinaman as a business man will some day in the near future compete so directly with the manufacturer himself that it will be impossible for a white man to manufacture shoes in this city, even with the aid of Chinamen. The Chinese get into a hovel under the sidewalk, and crowd into a cellar, so that a place which would not accommodate more than three or four white men to work in will accommodate at least fifty Chinamen. Consequently the expenses are reduced. Then they go round and buy stock. They are the shrewdest buyers of any people I ever saw. They come into our establishment to buy cheap sole leather and scrap leather, and their shrewdness in buying beats that even of my native Yankees. If you ask five cents a pound for a piece of leather, and if it is dirt cheap at that, the first answer they give is, "No, four and a quarter"; and they will stay there offering four and a quarter until they are almost driven out of the concern. Then when they purchase four or five or six hundred pounds of leather, instead of having it sent home by express and paying 50 cents for expressage, they have their men put it in bags and carry it to their place of business. So it is also in the selling part of the business. In former days, when a man in the shoe business ran out of a particular size of boots and shoes—say out of number sevens or number eights—when he went to a wholesale establishment he had to buy a whole case of that size; but to-day the Chinaman goes over this city with shoes of all sizes on his arm, and the man in the retail business can pick out number eights, number nines, number fours, or whatever number he has a mind to, and take any quantity of them he likes. The Chinaman is

there every morning with more. Consequently the Chinamen will interfere as seriously with the business men on this coast as they interfere now with the laboring classes.

As to our competing with them in cheapness of living, it is impossible for a white man, whether he be German, French, or any other nationality, to do so. No white man can live in the same manner as these Chinese people live. I consider them a dangerous class of people. I consider them an immoral class of people. I love my family and my country; and all that I care for in the world is to protect my family. All that I have got to live for is their welfare. Now, I can take any of you gentlemen into this Chinese quarter, and show you sights which you would not have believed. I can take my little boy of eleven years, put a 25-cent piece in his hand, and let him go into one of these Chinese hovels, and there full-grown women will expose themselves naked as they were born into the world for the sum of 25 cents, and they will gratify all the desires or wishes that the boy may have; and these are the people that we have to compete with, and that we are asked to affiliate with. I have visited the city and county hospital (not for the purpose of seeing such sights, but to see a sick friend), and there I saw a sight which, as the father of a family and a lover of my country, made me shudder. I saw a child of thirteen perfectly eaten up with venereal disease, caught from these Chinese women. These are facts; and what we working people say about them is this: We cannot compete with these Chinese in mechanical pursuits; we cannot compete with them in living; we cannot affiliate with them politically or morally; it is impossible. I have taken every step to the best of my judgment to prevent bloodshed and to prevent an outbreak on the part of the people. But myself and my only son are connected with an organization which is determined that the Chinaman shall not drive us from our homes and from our native country. I have got my son side by side with me in that organization, and I know many men whose sons are side by side with them in the same organization. I have done all that I possibly could in the way of bringing this thing before the people and before Congress. We are now determined that rather than allow these Chinese to come here and drive us from our native or our adopted homes, we will sacrifice ourselves and fight for it. The men in this organization that I speak of are lovers of the country, and what we may have to do in the line of expelling the Chinese will be done with no intention of offering an insult to the American flag. When we assemble in our place of meeting the American flag is hoisted. Every man in the organization must bow with respect to that flag. Our hostility to the Chinese, therefore, is not to be considered as an insult to the government, but we feel as though it is only a matter of a short time when we must take either one of these issues—when we must say that this Chinese immigration shall stop, or else we must get up and leave the country. We who are connected with that organization have come to the determination that under no circumstances do we intend to leave the country.

Mr. COWGILL. What is the title of that organization?

Mr. TERRY. It is known as the "Independent Twelfth Ward Rifles."

Mr. COWGILL. Is it a military organization?

Mr. TERRY. It is tending to become a military organization.

Mr. COWGILL. What is the number of members in that organization?

Mr. TERRY. We have got on our rolls somewhere in the neighborhood of 85 or 90 members, all American citizens.

Mr. COWGILL. What is the extent of that organization in this city and State?

Mr. TERRY. If the issue were to come, I believe that at least from fifteen to seventeen thousand men would be enlisted in the matter. As to the number at present in the organization, I have not much of an idea.

Mr. COWGILL. Have you some secret sign, grip, or pass-word by which the members of that organization recognize each other?

Mr. TERRY. No, sir; our meetings are public; our purposes are well known. We joined together with the intention of being organized.

Mr. COWGILL. Have you not here a city government composed of white men which is under your control?

Mr. TERRY. Yes.

Mr. COWGILL. Why does not that city government, by ordinance and police regulations, do something for the purpose of checking these monstrous vices that you have spoken of?

Mr. TERRY. In the first place we here on this coast have got into office, from time to time, heartless men, and, I believe, dishonest and selfish men. A short time ago (somewhere in the neighborhood of two years ago), the white men of this city, mechanics and skilled and common laborers, assembled in thousands and appealed to the city government, to the mayor and board of supervisors, for an opportunity to scavenge the city and clean out the sewers and streets, for a compensation of a dollar a day, and they were absolutely refused.

Mr. COWGILL. Then I understand from you that it is as much the fault of the white men here who have the management of your city affairs, as it is the fault of the Chinamen, that these vices are not put down, or are not regulated by your municipal laws?

Mr. TERRY. I believe that that is the case.

Mr. COWGILL. And the white men are as much at fault as the Chinamen?

Mr. TERRY. Yes.

Mr. COWGILL. Do you not know that white men, where they are not restricted by law, will discredit themselves, and will have nearly all abominable vicious habits equally with Chinamen?

Mr. TERRY. I do not believe that white men can be brought to the same degree of viciousness as Chinamen.

Mr. COWGILL. As I understand you, there are no attempted restraints on the part of the municipal government to put a stop to these evils?

Mr. TERRY. Our city government has been a good deal to blame. Our mayor and some of our leading men of this city at one time called an anti-cooly meeting. It was the largest meeting that I ever witnessed on the Pacific coast for eighteen years. They got the people excited. And yet it was only a political measure, for when the people got excited these men drew out of it and said they did not mean it at all. The Chinamen were not disturbed, and these men went into office. I believe that the government at Washington has not paid heed enough to the curse of the Pacific coast. Our State and city officials tell us, when we present our grievances to them that they have no power over the subject; that the government at Washington is the only power to deal with the matter, and consequently they shirk responsibility, and nothing is done.

Views of Mr. J. V. Webster.

Mr. J. V. WEBSTER came before the committee, and said in reply to preliminary questions: I am a farmer and horticulturist; I have been formerly master of the State Grange of this State.

The CHAIRMAN. State in a general way what, in your opinion, is the effect of Chinese labor on the farming business of this State.

Mr. WEBSTER. I was engaged in business here for a couple of years, and I have learned considerable as to the effect of Chinese labor on business in San Francisco, as well as in the country. So far as the country is concerned, Chinese labor has not that evil effect on it to the same extent as it has in San Francisco. It is true that some of the farming interests, especially that of horticulture, is feeling sensibly the effect of Chinese competition, for the reason that Chinese are entering into the business as principals themselves, to a very great extent. It is a notorious fact that, by some influence or other (and it is presumed by the influence of the six companies who are said to control the action of the Chinese on this coast), the Chinese have always a stipulated fixed rate for their wages when they go into the country.

The CHAIRMAN. Give us an idea of what these six companies consist of.

Mr. WEBSTER. My understanding is that it has been through these companies that all the Chinese immigration has come to this State; that they are the heads of the several immigration companies.

The CHAIRMAN. Are they all composed of Chinese?

Mr. WEBSTER. Yes; that is my understanding.

Mr. O'CONNOR. Are those companies chartered by the State?

Mr. WEBSTER. I do not think so; but they are called the six companies. They appear to have, through their contracts or otherwise, control of the Chinamen after they reach this coast, and to have the fixing and controlling of their wages. In the country their wages is uniformly a dollar a day, and if the farmers are not willing to pay that, the Chinamen will not work. That is so, at least with us in Alameda County, and I believe it is so in other counties.

Mr. DICKEY. Do these six companies co-operate with each other or are they independent of each other?

Mr. WEBSTER. I believe they are independent of each other, and sometimes there is considerable antipathy between Chinese men employed by the different companies.

Mr. O'CONNOR. Have these six companies distinct names?

Mr. WEBSTER. That is my understanding.

Mr. COWGILL. Are these six companies simply benevolent or charitable organizations for the purpose of taking care of the immigrants who come here, and providing places for them, and finding employment for them, and if there are any sick among them procuring nurses and physicians for them, or have they some other object in view, for instance, to make money out of the importation of these Chinamen? What is the real object and purpose of the organization of the six companies? Are they simply charitable and benevolent in their object, or is their object one of profit?

Mr. WEBSTER. It is altogether one of profit.

Mr. COWGILL. Do you know this, or is it merely a matter of presumption and conjecture?

Mr. WEBSTER. I have never heard any other construction given to the organization of these companies than that their object is simply a matter of cool profit.

Mr. COWGILL. Are they organizations that have their existence here, or do they exist in China, having agents here?

Mr. WEBSTER. I understand that the heads are established here. There may be agents in China.

Mr. O'CONNOR. Do these companies own ships.

Mr. WEBSTER. No, sir; but these Chinamen are all brought here under contract.

Mr. DICKEY. Give us a full statement of how these six companies do operate.

Mr. WEBSTER. I do not know that I am competent to do that in detail. All the idea that I have of it is what I have derived from public information. I know nothing of it personally, only from what has been published and from conversation that I have had with those who profess to know. But my understanding is that these companies have been organized for the purpose of bringing Chinamen to this coast on contract as a matter of speculation. I understand that the Chinamen, when they arrive here, are contracted to these companies to serve for a term of years at least, and that they are governed through the dictation of these companies as to where they shall go, and as to the wages for which they shall work. They have a secret service among themselves, and courts in which they appear to be able to compel Chinamen to follow their dictation independent of our laws. Whenever Chinamen cannot get the stipulated wages they go to work for their own people, even for their board. So that even in the horticultural region of San José, for instance, it is usually the case now that, instead of hiring Chinamen directly to do their work, Chinamen have leases of the land on which the berry crops are raised, and give a certain portion of the crop as rent. I have been engaged myself in horticulture, and have been run out of the business by Chinese competition. As an illustration of how the thing works in the country, I will give you an example: Three years ago I was at Alton Island, in the Sacramento River. I had some friends living there—a Mr. Pool and a Mr. Smith. These men had splendid ranches of from 600 acres to 1,000 acres. They leased a good deal of their land to Chinamen, and some of it to poor white men. They raise large vegetable crops of all kinds up there. Mr. Smith especially took me through his farm of 600 acres, and pointed out to me the various parts of it. "There" (he would say) "is a piece of land which I hire to Chinamen. See, it is perfectly clean and free from weeds, and they pay me rent of $23 an acre. They keep the weeds down, and the land always in good order. Now, here is a piece which I rent to white men. See, it is full of weeds." Up there at that time they were in favor of the Chinese. But a year afterwards our State Grange met here in San Francisco, and Mr. Pool and Mr. Smith were down here as delegates. They came to me and urged me to assist them in getting through the State Grange strong anti-Chinese resolutions. I expressed my surprise, and inquired how it was that they had so changed within a year or eighteen months. Mr. Pool said: "Well, I will tell you. At the time you were up there we did not realize what we were doing, or what we were saying, but we have come to a realization of the difficulty in the matter. While we admit that the Chinese are better cultivators of the soil than the white men whom we have rented to, and that the Chinese pay better rent, still the result is (and it is being developed to a greater extent every day) that the poor white men who have been renting from us, and others on the island, are being driven off the island themselves, and their families, because of the Chinese competition; and it has got even now to that extent that a good many of the white families have left the country, and are leaving every day, because they cannot compete with Chinamen and pay the rent which Chinamen will pay for land. The result is that we have no census children to entitle us to a share of the school fund." (The State rate is so much per capita for the children between five and seventeen years of age, and there is so much of the

school fund appropriated to a county in proportion to the number of its school children.) "The number of census children," they said, "is decreasing, and consequently our revenue for school purposes is decreasing, and we are not able to maintain a district school for nine months in the year. Our poor white people are leaving, the houses are being deserted, and, unless this matter is stopped, we will have nothing but Chinese residents. In a word, the Chinese are depopulating the island of white people."

Mr. O'CONNOR. You think that the influence of the Chinese in the agricultural districts of California has been detrimental to the welfare of the white people there?

Mr. WEBSTER. I think it has been detrimental to the welfare of the people generally, but at times it has been almost indispensable for farmers to employ them—that is, when they have large crops, and when there is a difficulty to obtain white men. Sometimes strikes are made by white men, and then the farmers have to employ Chinamen.

The CHAIRMAN. Does the State tax Chinamen?

Mr. WEBSTER. There is a per capita State tax of $2 a head.

The CHAIRMAN. Do the Chinese never have property that is a subject of taxation?

Mr. WEBSTER. Last year's assessment showed a million and a half of real estate property owned by Chinamen. The Chinese avoid the poll-tax whenever they can. They are all so much alike that a tax may be collected from one fellow one day, and if you meet him the next day you cannot tell whether it was he that paid the tax or not. You cannot tell one from the other. They are very shrewd. There is no shrewder people in the world. They know every officer in the city, and they especially know a tax collector in the city. The collector writes the name of the Chinese tax-payer in his list; but as their names are so much alike, and as they all resemble each other so much, he cannot tell the difference between them, so that a dozen Chinamen can use the same tax receipt and the officer cannot tell the difference. He cannot tell whether the man who presents the receipt is the same one who has paid him the tax or not, because they all look so much alike.

The CHAIRMAN. What is the effect on the industries of this country of the ownership of large estates?

Mr. WEBSTER. There is no doubt that the effect of it is detrimental. It is so in any country, and is especially so in this State even when large estates are held by those who farm the land. Where large tracts of land are held by one person they are very difficult to cultivate. Our rains commence here in October or November. Usually in June we have clear hot weather, but the average difference in temperature between the winter and summer is only about four degrees in this city. There is a disposition to scratch over a great quantity of land and to get it ready in season for a crop, so that the land is indifferently cultivated. Of course there are some sections of the country where it is necessary for a man to have quite a large farm, as in Fresno and Tulare Counties, where they raise only three or four bushels of grain to the acre. I understand that this year they are cutting grain in Merced County and it is yielding only a bushel to the acre, and yet farmers are able to pay wages at that.

The CHAIRMAN. How does a man manage to conduct a farm of 50,000 or 60,000 acres?

Mr. WEBSTER. I never have been on such a farm; but the presumption is that it is not well farmed.

The CHAIRMAN. Does one man in this State undertake to cultivate 50,000 or 60,000 acres?

Mr. WEBSTER. I believe that Dr. Glenn cultivates about 40,000 acres. He has an estate of 55,000 or 60,000 acres. I believe he farms about 40,000 of it. That is the largest farm in the State.

The CHAIRMAN. We passed through a farm beyond Sacramento which we were told contained 47,000 acres.

Mr. WEBSTER. But that is not in cultivation. There are ranches of 100,000 acres in this State; but there is nothing raised on them. That is the worst feature of our land system. In the building of railroads throughout the State, the railroad companies were granted alternate sections of land for ten miles on either side of the line where there was government land. Consequently it is estimated that the railroad companies have within this State some 8,000,000 or 10,000,000 acres. I think that the Central Pacific Railroad Company got about 20,000,000 of acres from the government and from States; but I do not think that it is all contained within this State. That land is all held in large tracts, and a great part of it pays no tax at all, for the reason that the railroad companies have failed or neglected to take out their patents for the land, and any land that is not patented is not subject to taxation. In that way they evade the payment of taxes. The land is held for speculative purposes. The companies can afford to hold it when they pay no taxes.

Mr. MARTIN. Where is the title to the land?

Mr. WEBSTER. The companies can get the patent whenever they apply for it. Then there are a great many Mexican grants. Those grants formerly covered the best portion of the whole State, but the land has been divided up very much. The grants have been all in litigation, and a great portion of the land has been lost before the claimants secured their titles. The lawyers generally got the biggest portion of it. One great difficulty about the land here is the danger of exhausting it. In the East, farmers can recuperate their land by seeding it down to clover or timothy, and by pasturing it. Here they cannot do that, because the land cannot produce a crop of timothy on account of the dryness of the season. The grasses die out during the summer, so that I think that with the present system of farming in this State the land will be exhausted sooner than it ought to be, and we have not that means of reviving it here that the farmers in the East have. The only way we have is that of summer fallowing, and that is being resorted to very considerably in almost every county in this State.

The CHAIRMAN. Does the man who holds a title under Mexican grants have to procure a patent from the United States?

Mr. WEBSTER. Yes. If his claim is allowed he has the right to a patent; but there have been a great many fraudulent claims here, in which the government has refused to recognize the title.

Mr. O'CONNOR. Has there been any scarcity of white labor here?

Mr. WEBSTER. In some seasons, especially in the season of harvesting and plowing, the farmers in the country have had at times difficulty in securing help. We begin to put in our crops in October, and from that to March there is for the greater portion of the time considerable employment. From that time on until June there is not anything to be done on the farms, especially in the large agricultural districts. In the vegetable-raising districts, where they raise vegetables and small fruits, there is, of course, work all the year round to some extent. Then we have our thrashing and haying, which last from the 1st of June until, usually, the 1st of October; so that the labor in this State, I think, is

more degraded than any other State. For this particular reason the farmers in this State, as a class, are poorer than the farmers in probably any other State in the Union. They are less comfortable. I have known farmers with good farms who live in a board shanty 12 or 15 feet square. Consequently when they hire a man to work for them they have no place for the man to sleep in, because they have barely room enough in the house for their own families. So the laboring man has to go to the hay-stack or somewhere else. That brings about bad habits in the laboring men, and they become dissolute and drunken. There is some allowance to be made for them for the reasons that I have stated, and for the further reason that the workingmen have no associations in the country. Consequently when Saturday night comes the laboring men have no where to go to except the corner grocery or the hay-stack, and they usually go to the corner grocery. Many of them thus get into habits of dissipation. Another feature of our farmers' labor system is relative to hired help. An illustration occurred in Oakfield the other day. A family came out from Illinois with several nice young women in it who were quite well educated and respectable. In Illinois the hired help is treated as a member of the family. These girls came out here and went to service in the kitchen, presuming that they would receive the same consideration here as such persons received in Illinois; but they soon found that their social standing was lost in consequence of their going out to service. It is conceived here that domestic service is for the Chinamen, and white girls lose their social position by going out to service. For that reason these young women quit the service they were in. Although they were very poor, they thought more of their respectability than they did of their bread. There is no question but that Chinese service in this city and through the State has done more to degrade labor here than anything else. Labor is degraded here more than in any other State in the Union. I was raised in Tennessee, and, while I know that there were great distinctions in class there, I think that there is more distinction of class in this State between the poor laboring man and the rich man than there was in the South during the worst rule of slavery. I came from Murray County, Tennessee. I left there in 1848; then I lived two years in Illinois; and I came to this State in 1853.

Mr. O'CONNOR. Then the effect of Chinese immigration has been to degrade labor here?

Mr. WEBSTER. There is no question about it. Not only that, but it is absurd to talk about competition with Chinese labor. Any one who considers the history of the Chinese people, who studies their customs and habits, will be satisfied that we have got to go through the same course of mental and physical training which they have gone through there before we can begin to compete with them—that we have got to educate, not only our minds, but our stomachs, to their condition of things in order to live on the subsistence on which they live. They have been four thousand years in educating themselves to their present modes and habits of life, and it is an impossibility for a white laborer, especially in this country, with any self-respect, to compete with them.

Mr. O'CONNOR. What is the condition of the industries of the State of California now? Are they depressed, or are they prosperous?

Mr. WEBSTER. The industries are depressed. This Chinese question is one of the reasons. Of course every financier knows that there are other causes for the depression all over the United States in the matter of finances, and of the contraction of the currency, and (until within the last three or four years) of our imports exceeding our exports. Now,

however, the tables are turned, and we are getting back a portion of the money which we formerly shipped to Europe. Last year the balance of trade in our favor was $250,000,000, and it will probably be $300,000,000 this year. These balances are paid principally in bonds; but nevertheless their payment is to the financial improvement of this country. I think that the industries in this State are more depressed than in any other State in the Union, because it is very difficult for our California people to get down to the idea of hard, steady work—that is, among the better classes. Every fellow comes here with the expectation of making his fortune in a few years, and if he has not been doing it in his business he has been disposed to turn his hand to speculation in stocks; and I think it safe to say that half the business men of this city have, at some time or other, engaged in stock speculations to their own detriment. While the masses have grown poor by such speculation, a few individuals have grown immensely rich. Consequently the wealth in this city is concentrated in fewer hands and to a greater extent than in any other State in the Union.

Mr. MARTIN. While the masses of the people are very poor?

Mr. WEBSTER. The people in the average are less comfortable in this State, I think, than possibly any other State in the Union.

Mr. O'CONNOR. Are there more people out of employment now than there were a year ago?

Mr. WEBSTER. It was very dull a year ago. I have seen no labor statistics that I have examined. I should take it that at present there is a good deal of labor employed in the country, because the crops are better than they were last year. I think that the indications are that this fall will be the hardest time we have had. There is a disposition among those who ought to know better to make times harder than they ought to be.

Mr. O'CONNOR. Is there any distress among the laboring people for want of employment?

Mr. WEBSTER. I think there is. There is a great spirit of pride among our people. I know a man in Oakland whom I thought fairly well off, or at least comfortable, whose family is absolutely destitute and would rather starve than beg.

Mr. COWGILL. Would they rather starve than labor?

Mr. WEBSTER. No, I think not. There is possibly here (as there is everywhere) an element that would rather beg than labor; and it may be that you would find that element to a greater extent in this State than in some other States. I do not know that that is a fact; but I know that many people say that they would hire a white man, only that it would be a matter of inconvenience to do so, because they have got to board him and to find him a place to sleep in, whereas when they hire a Chinaman they simply pay him his wages, and when his day's labor is over they are done with him. He takes care of himself. You can get any number of laborers here from $25 to $30 a month and find them. So long as Chinamen are allowed to come here, the condition of the laboring classes will be no better. People may say that they will not employ Chinamen; that they love the white workingman too well, and all that; that they are too patriotic to do that; but it is a matter of necessity to employ them. For instance, if I am raising small fruits, and say that I will not employ Chinamen, but will employ white men, I have to pay a white man $30 a month and board, (which is equivalent to $45 a month,) while my neighbors in the same business hire a Chinaman and pay him $30 a month, and, of course, I cannot compete with my neighbor who employs Chinamen. I was here in busi-

ness in this city a year ago, and my business called me to the markets very early in the morning. I found that the Chinese had monopolized a great many trades here absolutely, especially the pork trade. I was surprised every morning to see Chinamen bringing in cart-loads of dressed pork, and I inquired whether the Chinamen furnished all the pork, and the man to whom I addressed the question said, "Yes." I said, "Cannot white men compete with them?" He said, "No; the Chinese have got the trade." "How is that?" I asked. "Well," he said, "they 'pool their issues.' You never see a Chinaman go to a retail store to buy anything, or hardly ever. If he wants ten pounds of potatoes, he and another Chinaman who also wants potatoes pool their issues, as Kearney says, and they go together and buy a sack of potatoes and divide them among themselves. Thus they get what they want for half what it costs a poor white laboring man. So that for that reason Chinamen will live on the same fare as white men for half of what it costs white men." He said, "They have always got the cash, and if a drove of hogs comes into town they will buy a thousand of them and divide them among themselves, paying cash for them, and thus getting them at the lowest possible rate. Their labor in dressing them is nothing, because there are always a good number of Chinamen who are out of employment, and who work for each other for their bread. And so, also, the dressing of the hogs is done by the Chinese at very little expense, while white men generally pay $2 or $3 a day for a butcher, and so (this gentleman said) we find that these Chinamen bring their hogs into market dressed nicely with the heads cut off three inches nearer the shoulder than we usually get hogs from the white butcher, and they sell the meat for a cent a pound less than a white man does, because the Chinaman utilizes every particle of the offal. That is what they live on." Another illustration. Up here on Sacramento street is a cigar store kept by Mr. Schaefer. I went in there the other day to buy some cigars. One member of the firm was damning the Chinaman. "Why," said I, "I am informed that you have got 100 Chinamen up here in the loft working for you." "Yes," said he, "I know that; but damn the Chinaman." Said I, "I don't understand you." Said he, "I will tell you the matter. I went around the street the other day and found that cigars were selling for $25 a thousand that cost us absolutely $28—the same tobacco and everything. I went round and investigated how that could be, and I found a number of Chinamen making cigars in a basement away down in the ground where there was hardly any light, and where they were packed together like sardines. I inquired what was paid for the basement and was told that they paid $25 a month. I inquired what they paid for their clerk, and I learned that they paid him $25 a month, whereas we pay $100 a month for the clerk and $150 a month for the work-room." These fellows are the greatest imitators in the world, and this gentleman found that they would take an old cigar-box and patch it up and smooth it over, and fix up an old revenue stamp upon it, so that you would swear that it was a new box. They thus swindled the government out of its revenue; paid their workmen less than he did; paid less rent, and of course produced cigars cheaper than he could.

The CHAIRMAN. And it was that which induced him to damn the Chinese?

Mr. WEBSTER. Yes. Of course cigar-makers thought, at one time, that it was a very nice thing for them to employ the Chinamen; but the Chinese were too shrewd for them, for after they had learned the business they went to work to make cigars for themselves. All the unem-

ployed Chinese work for Chinamen for almost nothing, while they dare not work for white men at less than their stipulated wages, so that at no trade or calling has a white man any show, and it is a mere matter of time when the conservative business men of this State will have to leave it.

The CHAIRMAN. How are you going to prevent this evil?

Mr. WEBSTER. I see no other way than by Congressional legislation.

The CHAIRMAN. But suppose that that fails?

Mr. WEBSTER. If that fails, then it will be simply a strife for existence on the part of the people of the coast, and they will take the matter into their own hands in the end.

The CHAIRMAN. Were you here in the days of the vigilance committee?

Mr. WEBSTER. I was.

The CHAIRMAN. Is there any reason to apprehend that this Chinese question may assume somewhat that same shape unless there be legislation to prevent Chinese immigration?

Mr. WEBSTER. In my estimation that would be a very mild shape for it to assume. The vigilance committee in those days appeared in a very intelligent and judicious shape. It was all that saved the city from the hands of the ruffians. You will find that every time it is necessary, and when the emergency arises, the people of this State take hold of it and settle it. They have enterprise enough to take hold of anything when the emergency arises.

The CHAIRMAN. How is public opinion in this city in regard to this Chinese question?

Mr. WEBSTER. This fall, under an act passed a year ago last winter, we have to vote either for or against Chinese immigration, and I think that the result of that vote will settle the question in the minds of our eastern friends. There is to be a special vote on the question at the next election, which takes place on the 3d of September. It is to be simply an expression of opinion. A good deal has been said about its being the rougher elements that are opposed to Chinese immigration, and it was in order to test that question that this law was passed.

Mr. COWGILL. As a means of ascertaining the public opinion?

Mr. WEBSTER. Yes; and I think there will be 90 per cent. against Chinese immigration to this State.

The CHAIRMAN. That does not contemplate any action, but it is merely to ascertain public opinion?

Mr. WEBSTER. Yes; with a view that this question may be definitely settled, and that the result of the vote may have some influence on the action of Congress.

Mr. MARTIN. You would recommend Congress to pass a law to prevent further Chinese immigration?

Mr. WEBSTER. Yes.

Mr. MARTIN. What would you do with the Chinese already here?

Mr. WEBSTER. That question will regulate itself.

Mr. MARTIN. You would not interfere with them?

Mr. WEBSTER. I do not believe even in encouraging those who are already here, but I want to do what is fair and reasonable and not unlawful in getting rid of those who are here.

Mr. MARTIN. You would say that if Congress pass a law to prevent the further influx of Chinamen everything would be quiet and peaceable here and would regulate itself?

Mr. WEBSTER. I think that that is the best we can hope for; but, of course, there is a disposition in this State to go to the extent of the

police power of the State in addition to that. But if that is done by Congress it will show to the people that Congress is disposed to act fairly and sincerely in the matter, and I do not think there will be any riot or bloodshed in the State, because the police power will go to the extent that it can go to discourage immigration, and to aid in shipping back, for instance, paupers and mendicants and all the criminal elements that come here from China, and in that way we will get rid of the evil as rapidly as possible. Even the Chinamen who are here are in favor of restraining any further Chinese immigration, so as to retain the benefits themselves. If Chinese immigration is stopped you will find within less than three years that John Chinaman will be wanting $1.50 a day.

The CHAIRMAN. But the six companies will not agree to let the traffic stop?

Mr. WEBSTER. O, no; there is too much profit in it for that.

Mr. DICKEY. How long is it since this strong opposition to Chinese immigration has existed here?

Mr. WEBSTER. There was a feeling against it even when the Burlingame treaty was adopted. It was felt then as though that treaty was a mistake; but the commercial men felt that here was a great opening for immense commerce, and that it would assist our city because every country through which eastern commerce has passed has grown wealthy. That was the idea associated with the Burlingame treaty. But even at that time those who looked deeper were dissatisfied with that treaty, and that dissatisfaction has been growing ever since. It has been intensified within the last three years. Many have attributed our financial difficulty to the Chinese element. Whether it enters into it or not, any financier must know that the contraction of the national finances within the last five or six years from $1,800,000,000 to about $800,000,000, must have had the effect of making all values shrink. The balance of trade being now in our favor the financial condition will be improved.

Mr. DICKEY. Since the Burlingame treaty has there been at any time a candidate presented by any party who favored Chinese immigration?

Mr. WEBSTER. I think that that question in respect of candidates and officers in this State has not been put forward until within the last four or five years.

Mr. DICKEY. Has there been any candidate presented by any party within the last four or five years favorable to Chinese immigration?

Mr. WEBSTER. I do not think there has been, because that would be death to him at once. While many employ Chinese there are but very few favorable to them. As a matter of necessity, a good many employ them who cannot avoid it without financial ruin.

Mr. COWGILL. Is it a political question here at all? All parties are opposed to further Chinese immigration here?

Mr. WEBSTER. They profess to be. Our Congressmen have apparently done all that they could against Chinese immigration, but there is a feeling, among the workingmen especially, that all has not been done that might have been done.

Adjourned to Monday, August 18, 1879.

SAN FRANCISCO, CAL., *August* 18, 1879.

Views of Mr. James F. Stuart.

Mr. JAMES F. STUART came before the committee.

The CHAIRMAN. We are informed that you have considerable knowledge in reference to the land question in this State. Give us your views in reference to it, and as to the effect which the holding of large estates has on laboring industry and interests in this State.

Mr. STUART. The committee will probably notice in going about the streets in San Francisco that we have a very large population here doing nothing but seeking either employment or homes. Some of the reasons for that state of things I propose to lay before the committee. In the first place, we have in this State reservations of all the public lands—that is, all the odd sections of land—within a belt of from 30 to 60 miles wide between San Francisco and the southern line of California, which is held in reservation for the Atlantic and Pacific Railroad Company. This railroad grant only extends from the other side to the Pacific Ocean. There the grant says the road shall connect with the Southern Pacific Road, and it is the Southern Pacific Company which has the grant from the southern line of California to San Francisco. Now the reservation of these lands, of course, shuts out from settlement the odd sections altogether, and the price of the even sections has been raised to $2.50 per acre. A great many settlers who have settled on public lands in the southern district have been bankrupted by being obliged to pay $2.50 an acre for their land. Many of them were compelled to mortgage their lands, and many finally left them. Now what we complain of is, that there is no grant for the Atlantic and Pacific Railroad through California; that under the grant of Congress it only comes to the southern line of California, and there it is to connect with the Southern Pacific road, and it is the Southern Pacific Company that has got the grant of the right of way to San Francisco, and that company has built its road from the southern line of California to San Francisco. We understand that the grant of the Atlantic and Pacific Company is forfeited, and we are now asking Congress to restore these lands to settlement, so that the people who are without homes can get homes on those lands, both on the odd and even sections. The restoration of the lands to public market will bring all to one price.

Mr. MARTIN. Is there any opposition to that request?

Mr. STUART. I do not know of any. Senator Sargent, I believe, presented a bill for that purpose, and there have been several such bills presented.

Mr. COWGILL. Do I understand you that the Southern Pacific line is finished entirely across the State of California, from San Francisco to the southern line?

Mr. STUART. Yes; the company is running its trains to the southern line now. I supposed that, there being no grant for that land, the Secretary of the Interior would exercise jurisdiction over the matter. Inasmuch as the President had heretofore determined, in connection with the Secretary and other officials, that no withdrawal of lands should take place until there was a grant to base it on, I supposed that the Secretary would feel justified himself in removing the reservation, there being no grant for it. Therefore I drew up a petition to the Secretary, but it seems that he considered that Congress had the sole power to restore those lands to market. I believe that the predecessor of Secretary

Schurz had made a decision to that effect. I hand to the committee my petition to the Secretary in the matter.

The CHAIRMAN. What we want from you is not so much the details in regard to these matters as the bearing which this subject has on the industries of the country and on the occupations of the people.

Mr. STUART. You may see what an effect this reservation of so much land must have on the southern district of California. Now I have been ten years litigating a contest in the southern district between the owner of the Sespe ranch and the settlers located on the land outside. And although now settlers, most of them, can get their lands by simply paying office fees, they are so impoverished by drought and ten years' litigation that they can scarcely raise the means to pay the land-office fees for entering the lands, even if they get the lands for nothing.

The CHAIRMAN. What causes that impoverishment?

Mr. STUART. Droughts, failures of crops, and paying out money in endless litigation. We have had in this country a lot of men who are commonly called "land-grabbers"—men who are not satisfied to get what belongs to them, but who want a great deal more. In this Sespe case the Mexican grant was for two leagues. The owner had it surveyed for six leagues, and he followed that thing for ten years before he gave it up, and when he did give it up he was dead. Somebody killed him; but he never gave up while alive the idea that he was to have six leagues of land for two leagues. He took the decree confirming his grant for two leagues and carried it into the district court of the United States, and finally on the mandate of the Supreme Court of the United States he got his grant confirmed for two leagues. He went to the surveyor general's office, had the survey made, and then set to work to try to carry the grant for the other four leagues.

There is another case which has been before Congress for seven years. I was in Washington in 1871–'72 trying to prevent the then Secretary of the Interior, Mr. Delano, from patenting 17,500 acres of the public land in a Spanish grant confirmation, and which land had 125 settlers with their families living upon it. I found the agent of that grant at Washington endeavoring to get a bill through Congress to allow the claimant to go into court and litigate the boundaries of that ranch. It is the ranch Las-pulgas, between here and San Mateo. It was for four leagues in length by one league in depth—four square leagues. There was another grant afterwards made to another party binding on this grant, and the owners of this grant not only desired to get the land which belonged to them, but they also wanted to take in the land conveyed in the Copinger grant.

The CHAIRMAN. These details are not what we are driving at. Our object is to ascertain how this land is occupied to the exclusion of the men who want to occupy it.

Mr. COWGILL. If these cases have been adjudicated and decided in the highest courts of the nation I do not see what we have to do with them.

Mr. STUART. Suppose that there are now traveling around this city looking for employment 50 men who were owners of the land that has been wrongfully taken from them.

Mr. COWGILL. If these are matters that are proper for litigation, and if they have been actually litigated and passed upon, the committee has nothing to do with them.

Mr. STUART. The trouble is that they have not been.

Mr. COWGILL. If the courts are the proper tribunal to determine the question Congress has nothing to do with it.

Mr. STUART. We do not propose to set aside any decree of the

courts. The Supreme Court of the United States at its last session decided that we cannot do that. But when an executive officer with a decree of confirmation in his hand for four leagues goes out and surveys 35,000 acres of land, instead of 17,500 acres, and when fifty men are turned out of their homes in consequence, Congress has a right to interfere. Some of these men have equitable cases. Some have bought under the Copinger grant, and some are settlers on the public lands, but they have no opportunity of contesting this fraud. I have advised with the best lawyers in San Francisco, and they say that where an executive act exceeds the decree of confirmation—where, for instance, there is a grant and decree for 17,500 acres, and where the department at Washington has issued a patent for 35,000 acres—that is an executive act, over which Congress and the Attorney-General of the United States (especially Congress) have jurisdiction. In this case it seems that they litigated their equitable right, and found that without an act of Congress they cannot get into the courts.

The CHAIRMAN. What remedy would you suggest after the courts have decided? How would you get at it by legislation? Would you overrule the opinion of the court?

Mr. STUART. The court has not decided that question. The grant was for 17,500 acres, and the Supreme Court of the United States decided that that was all that there was in the grant. Then the owners went to the surveyor general's office and got a survey made for double the quantity of land.

The CHAIRMAN. How?

Mr. STUART. That is the question. That is the very fraud we want to get at.

Mr. MARTIN. Does the Supreme Court hold that the survey of the 35,000 acres is good?

Mr. STUART. The Supreme Court simply decided that there was an equitable title in the claimant for the land of the grant, and we cannot go into court and defend against a legal title.

Mr. MARTIN. Could the tenants be ejected without that point being settled?

Mr. STUART. Yes, sir.

Mr. MARTIN. Could not the tenants go into court and show that the patent was only for 17,500 acres and that their land was not included in the 17,500 acres?

Mr. STUART. No, sir; because you cannot defend an equitable title against a legal title.

Mr. MARTIN. Are you counsel for those parties now?

Mr. STUART. I am not.

Mr. O'CONNOR. What is the character of legislation that you would suggest?

Mr. STUART. To give these parties a standing in court, so that they can have this survey reformed. There is a bill for that purpose now before Congress. I mention this case because it is one of those very bad cases which I think Congress ought to give help in. Now I will bring a case of my own to show you how executive departments of the government have sometimes exceeded their powers and what misery they have thus brought upon large bodies of people.

Mr. COWGILL: Their claim is simply an equitable one and not a legal one, and you want Congress to give them a standing in court?

Mr. STUART. Yes; there was a grant presented to the land commission for confirmation—the Milpitas grant, said to have been made to an Indian at the northwest of the mission of San Antonio, in Mon-

terey County. That grant is a fraud from beginning to end. It professes to have been made by Alvarado, governor of California, in 1838, as constitutional governor, while he was not appointed constitutional governor for a year afterwards. It purports to have been made by him at a certain date at the mission of San Antonio, while he was not there at that time. That fraudulent grant was confirmed by the commission, and when it got into the district court new testimony was taken, and the grant was rejected as invalid. It remained a rejected grant for over four years (and they say that the district court loses jurisdiction over its own decrees after term time). Then Juan N. Luco, well known in California, bought up this claim on speculation, and he had a judge of the southern district, Ogier, a drinking man, take jurisdiction of the case after this rejection four years before, and this judge reviewed the case and confirmed the grant without a particle of other evidence, and without a bill of review. The decree was for about 12,000 acres. Then certain parties got a deputy surveyor to survey 30,000 acres of extra land outside of the grant and of the decree, on which land there were 100 settlers and their families. One of those settlers had been there long before California came into the Union, and others had been there almost from the time that California came into the Union. One of them had fifteen children born on his ranch. I got that case before Secretary Chandler. He took the side of the settlers, and told the attorney for the grant that unless he stopped all this thing against the settlers he would close the case at once. So long as the claimant of the grant lived all proceedings against the settlers were stopped; but finally he died, and then the suit in ejectment was prosecuted against the settlers, and a bill in equity was filed to set aside the patent for fraud. The case is now before the Supreme Court of the United States. One hundred settlers and their families were turned out under this fraudulent patent, and they are wandering around this State now. In the Rio de Santa Clara case there were 125 settlers turned out of their homes. Congress should do something to stop these frauds. The executive departments of the government and their clerks in the Land Office issue patents for 10,000, 20,000, or 30,000 acres more than belongs to a grant, and yet Congress will not interfere. In the Milpitas case there were 100 families turned out of their homes in the dead of winter, and many of them were compelled to subsist on dead carcasses.

Mr. O'CONNOR. How many persons have suffered by these land monopolies.

Mr. STUART. I have mentioned these cases of my own. In the Rio de Santa Clara case 125 settlers are scattered abroad ever since the fraud was carried out.

Mr. O'CONNOR. What effect have these frauds had on the industries of California? Have they tended to impede their development?

Mr. STUART. Of course the monopoly of large tracts of land must retard settlement.

Mr. MARTIN. That is true also when a man honestly owns large tracts of land?

Mr. STUART. Yes, sir.

Mr. O'CONNOR. Our object is to ascertain facts, so that we may be able to present them to Congress in intelligent form—the influences exercised over the industries and population of this State by these land monopolies. If land monopoly has been one of the causes that have retarded the progress of this commonwealth, we would like to know it in a general way without going into special cases.

Mr. STUART. I do not see how I can get at it unless I go into special cases.

Mr. O'CONNOR. How much of the public land of California is occupied under what is called false or fraudulent grants? Are there large bodies of it occupied in that manner?

Mr. STUART. No, sir. The large bodies of grants of land in California are genuine. There is no danger of disturbing land titles here by opening up these few cases such as I have mentioned. We understand that there have been 813 expedientes presented for confirmation, and that 579 of them are genuine and the rest fraudulent.

Mr. O'CONNOR. Is the vast body of the lands of California lodged in the hands of few proprietors or are the lands distributed in small tracts?

Mr STUART. There are very large tracts of land held by great proprietors.

Mr. O'CONNOR. What effect on the development of the State has the holding of these large tracts of land?

Mr. STUART. It has retarded the development of the State, because people are not able to get homes on these lands. They are held at such high prices that people cannot buy them.

Mr. MARTIN. How much per acre do the owners ask for them?

Mr. STUART. Various prices. The railroad company has got immense tracts of land. I do not know what price the railroad company asks for its lands, but I think it is from $2.50 or $3 to $15 an acre.

Mr. MARTIN. You would say that the fact of individuals owning such large bodies of land has a great tendency to retard the increase of population?

Mr. STUART. Yes.

Mr. MARTIN. What remedy do you propose that Congress should adopt for that state of things?

Mr. STUART. I do not see what Congress can do with men who honestly own property which they have bought and paid for.

Mr. MARTIN. You cannot recommend any legislative remedy for that evil?

Mr. STUART. Not for such cases. But where men are holding large tracts of land which they have acquired by fraud, and from which they have turned out the original owners, then I think Congress should afford a remedy.

Mr. MARTIN. But where parties own large bodies of land which they have come by honestly you do not see that Congress can furnish a remedy?

Mr. STUART. I do not see how Congress can interfere with that thing.

Mr. MARTIN. But at the same time you believe that the holding of these large bodies of land is detrimental to the country?

Mr. STUART. Certainly,

Mr. O'CONNOR. Have the industries of California been depressed, and are they in a state of depression now?

Mr. STUART. Yes; very much, partly owing to the fact that there is so much difficulty in people who came here getting homes for themselves. Take this large belt of country that is withdrawn from settlement through the southern part of the State. It is 60 miles wide. If that was opened up men could go on it and get homes. There was a bill before Congress a short time ago to lend $500 each to settlers on the public lands. Instead of that just open up these lands to settlement and let the people come in on them.

Mr. MARTIN. Would you not think it better to open up the lands for settlement and also to give them $500 each?

Mr. STUART. I do not think it necessary to give them $500 each. I would advise Congress, instead of making any more grants of land to railroads, to grant them help in money, and to reserve the lands for the settlers. I am not opposed to railroads where they are needed but let that help be in money, and let the land be for the settlers.

Views of Mr. B. C. Duffy.

Mr. B. C. DUFFY came before the committee. He said, in reply to preliminary questions: I have lived in this city for eleven years. I am from Massachusetts. I am a cigar manufacturer.

The CHAIRMAN. State what effect Chinese labor has had upon the cigar business in this city.

Mr. DUFFY. It has been the means of reducing our wages one-half, whereas the cost of living has been reduced probably only 25 per cent. At present, there are 350 white people engaged in the manufacture of cigars in this city. Their average wages will amount to $7.50 a week. There are 5,000 Chinese employed in the business in this city, and their wages will average $4.50 a week, so that the wages of the white people in that business amount to $2,625 a week, and the wages of the Chinese to $22,500, so that at least $15,000 is taken out of the State every week in that business, and is sent to China. Now, if white people were altogether engaged in that business, their weekly wages would amount to $40,125, all of which would remain in the country, and the greater portion of which would go immediately into circulation in this city. The Chinese wages in this trade amount to $1,170,000 per annum, of which amount $780,000 is sent to China, leaving $390,000 to be circulated here, and that principally among their own people. This shows that if this cigar industry was conducted by white people alone the wages of these white people, even at the present low prices, would amount to $2,086,500 per annum, all of which would be added to the wealth of the State. This is a brief outline of what we consider the effect of Chinese competition in our business.

The CHAIRMAN. What effect has it had on the men whom you have had in your employment as cigar-makers. Are they still here, or have they been driven out of the trade?

Mr. DUFFY. When the Chinese first went into the cigar business there were probably in the neighborhood of 500 white men engaged in it here. That was in early days, when cigar-making first commenced here. That number was reduced three or four years ago to less than 100. Then a few men formed an association and gave the people to know those places where cigars that were made by white people could be bought, and there was a prejudice got up in the community against using Chinese-made cigars on account of the disease that Chinamen are troubled with, and because it was shown by medical testimony that this disease is contracted by persons using the cigars made by these diseased Chinamen. This association advertised that cigars made by white people could be found at certain places, and consequently the demand for cigars manufactured by white people has grown so as to raise the number of hands employed in the business from 100 up to 350, and that number is gradually increasing.

The CHAIRMAN. What number of white men engaged in cigar-making could supply the wants of this market if they had the control of the whole business?

Mr. DUFFY. It would require almost as many white men as there are Chinamen and white men engaged in it now. That would be between 5,000 and 6,000 hands employed.

The CHAIRMAN. What is the relative price as between white and Chinese cigar-makers?

Mr. DUFFY. The white cigar-makers get probably 20 per cent. more for the same amount of work than the Chinese get.

The CHAIRMAN. How is the price of the manufactured article? Do the Chinese undersell you, or do you undersell them?

Mr. DUFFY. They undersell us, of course.

The CHAIRMAN. What percentage?

Mr. DUFFY. Between 20 and 25 per cent.

Mr. MARTIN. For the same quality of cigars?

Mr. DUFFY. Yes. One of the reasons why they can do so is this: They will buy 20 cases of leaf tobacco, for instance, from a leaf dealer, and they will take that tobacco to their factory, where they work all the time, night and day. The room which they hire for a factory they use all the time. They have two or three different gangs who take their regular watches. Consequently, the Chinese make up cigars a good deal cheaper than any white people can do. That is one of the reasons why they can do so, because they use their premises constantly. Another reason why they can do so is that their living is so very cheap. They turn these cigars in to dealers at a price which would hardly pay a white man for making them, to say nothing of the cost of the stock.

The CHAIRMAN. Are the Chinese themselves tobacco smokers?

Mr. DUFFY. Yes, sir.

Mr. MARTIN. Are the merchants who sell the leaf tobacco to the Chinamen white men or Chinese?

Mr. DUFFY. White men.

Mr. MARTIN. And these merchants take the manufactured article and sell it out?

Mr. DUFFY. Yes; they job it out.

The CHAIRMAN. I thought the Chinese generally smoked opium instead of tobacco.

Mr. DUFFY. They smoke both, and they generally take care to smoke somebody else's tobacco when they do smoke.

The CHAIRMAN. What do you mean?

Mr. DUFFY. For instance, if I employ 100 Chinamen I am supposed to furnish them with what they smoke.

The CHAIRMAN. What remedy are you going to suggest?

Mr. DUFFY. There is no way of remedying this unless Congress takes action in stopping Chinese immigration. So long as the Chinese come here I presume that people will employ them.

The CHAIRMAN. Suppose Congress takes no action, then what? Will you submit quietly? Have you thought that matter over?

Mr. DUFFY. From the feelings of the people at present, I do not think that they will submit a great while longer. I do not think they can do so. I think they will be driven to taking the matter into their own hands.

The CHAIRMAN. Do you speak of the people in mass, or do you speak only of the laboring part of the population?

Mr. DUFFY. I mean the majority of the people of all kinds and occupations. This Chinese immigration affects all occupations.

The CHAIRMAN. It does not affect the land question, does it?

Mr. DUFFY. It does.

The CHAIRMAN. And the gold question?

Mr. DUFFY. Yes.

The CHAIRMAN. How?

Mr. DUFFY. The Chinese are working our gold mines and sending the gold off to China.

The CHAIRMAN. Are they owners of gold mines?

Mr. DUFFY. Yes; they hire claims. They pay so much a month for the privilege of working them.

The CHAIRMAN. They lease the mines, do they?

Mr. DUFFY. Yes; they lease what are called abandoned mines which white people have run over in early days and have left. The Chinese come along and work those abandoned mines to great advantage. They work so constantly and so carefully, and live so cheaply that they get a large quantity of gold out of these abandoned mines. If they did not clean them out so, white people might go to work and work them over again.

Mr. MARTIN. You say that Congress ought to afford relief. You mean by preventing the further increase of Chinese immigration?

Mr. DUFFY. Yes; Congress ought to stop it right off.

Mr. MARTIN. What would you do as to the Chinamen who are now here? What legislation would you recommend as to them?

Mr. DUFFY. The State of California and the city of San Francisco should enact sanitary and other laws to compel the Chinese to conform to our habits and customs.

Mr. MARTIN. But if the Chinese would not accommodate themselves to your city regulations, what then?

Mr. DUFFY. Then they would have to take the consequences. They would be punished according to law.

Mr. MARTIN. You think it would require legislation, either by the city or State government, to regulate the Chinese who are already here?

Mr. DUFFY. It would require the laws to be put in force. We have laws here now that would remedy the evil to some extent if they were enforced—laws in regard to sanitary matters.

Mr. MARTIN. Why are they not enforced?

Mr. DUFFY. On account of the negligence of our officials.

Mr. MARTIN. Are those officials white men?

Mr. DUFFY. Yes, sir.

Mr. MARTIN. And they do not enforce the laws?

Mr. DUFFY. No, sir.

Views of Mr. William Wright.

Mr. WILLIAM WRIGHT appeared before the committee. He said in reply to preliminary questions: I have resided here since 1864; I am a native of the State of Massachusetts. My present occupation is the vending of vegetables and farm produce. My trade has been that of a plasterer.

The CHAIRMAN. What effect has the Chinese immigration had upon your occupation as a plasterer?

Mr. WRIGHT. I learned my trade in this city between 1864 and 1866. At that time I could average at my trade $800 a year; but, through the Chinese immigration driving out white people, the amount of wages that I could earn by my trade for the last five years has been only $250 a year. The rents are pretty nearly the same as they were then, but the prices of provisions have been reduced. The reduction, however, is not at all corresponding to the reduction in wages.

The CHAIRMAN. How did Chinese labor interfere with you in the plastering trade?

Mr. WRIGHT. It drove me out of the trade.

The CHAIRMAN. Because the work was done by Chinese at a less price than you would do it for?

Mr. WRIGHT. Yes; and through people leaving the city. There was no demand for real estate. People would not put up buildings, because there was nobody to occupy them. The consequence was that I had to give up my trade. Then again, on account of the holding of large tracts of land in the country by a few individuals, there is no inducement for mechanics to leave the city and to go into the country to work.

The CHAIRMAN. Did the Chinese come in competition with you in your trade as a plasterer?

Mr. WRIGHT. Not directly.

The CHAIRMAN. But the result of it was that you had to abandon your trade and seek some other employment?

Mr. WRIGHT. Yes; and in the business in which I am engaged at present, I do come right in competition with the Chinese. I buy and deal in vegetables, and I take them through the streets of the city to sell. I employ a horse and wagon in my business, while a Chinaman in the same business can take his baskets up to the third and fourth story of a house, where he meets with a good reception from the occupants of the house. On the contrary, I have to stand on the street with my wagon. I have to pay for my wagon and for my horse, and I have to keep up my family, while the Chinaman has no one to maintain but himself, and if he realizes a profit of fifty cents a day on his day's work it is sufficient for him. My expenses of horse and wagon will average seventy-five cents a day, and I have to pay the same license as the Chinaman pays.

Mr. MARTIN. The Chinaman travels with his baskets from house to house, while you go through the streets with your wagon?

Mr. WRIGHT. Yes.

Mr. MARTIN. And the Chinaman can go up stairs with his baskets while you must remain in the street?

Mr. WRIGHT. Yes; I cannot very well take my wagon up stairs.

The CHAIRMAN. Do you make a living at your business?

Mr. WRIGHT. Not at present. That is, I do not live in the way that a white man should live.

The CHAIRMAN. How many Chinamen are engaged in the peddling business in this city as venders of produce?

Mr. WRIGHT. Between 400 and 500 Chinamen are traveling through the city with baskets.

The CHAIRMAN. How many white men are there peddling produce with their wagons?

Mr. WRIGHT. Between 100 and 150.

Mr. MARTIN. Do the Chinamen sell the same kind of vegetables that you do?

Mr. WRIGHT. The same kind.

Mr. MARTIN. Do they sell at the same prices?

Mr. WRIGHT. No; they undersell me.

Mr. MARTIN. You say that you had to quit your trade as a plasterer on account of the fact that there were not people enough to occupy the houses that were built?

Mr. WRIGHT. Yes.

Mr. MARTIN. And not on account of Chinese competition in that particular. Then you abandoned that trade because you could get nothing

to do, and you began to peddle vegetables on the streets, and there you come in contact with Chinese labor?

Mr. WRIGHT. Yes.

Mr. MARTIN. And the Chinese undersell you because they can live cheaper than you can; because they have no horse to keep and no wagon to keep, and have no wife or family to support?

Mr. WRIGHT. Yes. I occupy three rooms and pay $10 a month for them; I pay $40 a year for license; I have to pay a blacksmith for repairs to my wagon and for shoeing my horse, and I have to feed my horse. The Chinaman lives in Chinatown; he buys his produce along with other Chinamen, by the wholesale; then it is divided up into little parcels, so that they have it at the cheapest possible rate; he lives in Chinatown and occupies about two square feet of room; most of them are generally hanging up on a hook; they are packed as closely as sardines in a box. That Chinaman's rent does not average him ten cents a month, and his direct living expenses do not amount to $5 a month, whereas the cheapest rate that I can live at is $40 a month.

Mr. MARTIN. Does he pay license as a peddler?

Mr. WRIGHT. He pays $7.50 a quarter, and I pay $10 a quarter.

Mr. MARTIN. What is the reason of the difference in the cost of license?

Mr. WRIGHT. I suppose the Chinaman is considered to be better than I am.

Mr. MARTIN. Do the city authorities make you pay $10 a license while they let him off with $7.50 license?

Mr. WRIGHT. Yes; that is the city ordinance.

Mr. MARTIN. Does this city legislate in favor of the Chinaman as against the white man?

Mr. WRIGHT. The ordinance reads in this way: That all venders of produce who use baskets shall pay $7.50, and that all who use a horse and wagon shall pay $10.

Mr. MARTIN. What remedy would you suggest?

Mr. WRIGHT. I would suggest the restriction of Chinese immigration and the confining of Chinamen within certain limits, and thus in so many years I would force so many of them out of the country.

Views of Mr. James O'Sullivan.

Mr. JAMES O'SULLIVAN came before the committee. He said, in reply to preliminary questions: I am a resident of this city; I have resided in California since 1847; I am a printer by occupation; I am not engaged on any newspaper at present.

The CHAIRMAN. State how the presence of the Chinese has affected the printing business.

Mr. O'SULLIVAN. There are and have been for some years past, (at least ten years), idle printers walking these streets unable to find employment, and undoubtedly that state of things is caused by the presence of the Chinese. Our boys and girls being excluded from other employments that are monopolized by the Chinese, are driven to find employment where they can, so that all the printing offices in this city today, except the daily newspaper offices, are occupied by white boys and girls, who, as a matter of course, work cheaper than men. They learn composition very readily, and can be as useful as men in a very short time—six months or a year. Consequently, employers find it to their advantage to employ boys and girls to the exclusion of men. I trace that indirectly to the presence of the Chinese, who monopolize those

other trades which would otherwise employ boys and girls. That is how it affects my trade.

The CHAIRMAN. The Chinese never set type, do they?

Mr. O'SULLIVAN. No. But the Rev. Otis Gibson and others are teaching them English, under the guise of religion, and it is only a question of time when they do begin to set type, as they do now in Hong-Kong and in all parts of China where the English are settled.

The CHAIRMAN. Then their presence here has an indirect influence in affecting the printer's trade?

Mr. O'SULLIVAN. Yes.

The CHAIRMAN. What are the wages of printers in San Francisco?

Mr. O'SULLIVAN. At present the average wages cannot be over $3 a day. Printers are paid by the piece. Some printers can make more than that; but taking all the daily and weekly papers together the average will not be more than $3 a day. The papers do not all pay the same rates.

The CHAIRMAN. The large number of printers who are unemployed, have they as a general thing remained in the city?

Mr. O'SULLIVAN. Some remain here and others, when they are able to emigrate, go elsewhere; some to Nevada, some to Oregon, and some return east. For myself, I have been compelled repeatedly within the last twelve years to seek work in the country on country newspapers; sometimes as editor and sometimes as compositor.

The CHAIRMAN. Are you in any employment now?

Mr. O'SULLIVAN. No, sir. I regard the presence of the Chinese as very injurious to the whole white people; I regard it as injurious to the prosperity and progress of the State. In early days, when placer-mining was profitable, and when there were very few Chinese here—not more than 10,000 or 20,000—(in 1852–'53), there was abundance of employment for all the white men, and our population then was nearly as great as it is at present. In fact, California has been retrograding for years, and I trace that retrogression partly to the Chinese and partly to land-monopoly.

The CHAIRMAN. Is California retrograding in point of population?

Mr. O'SULLIVAN. It is not increasing much. People go from here to Arizona, Washington Territory, Oregon, Nevada, Montana, and Idaho; so that we have not increased as we ought to have done considering the advantages of our climate and soil.

The CHAIRMAN. Is the encroachment which the Chinese are making a general one on all branches of trade and industry in this State?

Mr. O'SULLIVAN. Yes; it is general all over the State. You will find Chinamen employed on farms, while white men are compelled to tramp over the State in search of work.

The CHAIRMAN. Why are the Chinamen employed in preference to white men?

Mr. O'SULLIVAN. Because they can be got cheaper, and because they are more docile—more like slaves. A good many people like to have slaves and serfs, and think that white men are too independent.

The CHAIRMAN. Do the Chinese work for the same wages in the agricultural districts that white men work for?

Mr. O'SULLIVAN. They work for less.

The CHAIRMAN. What remedy have you in your own mind in regard to ridding the State of so great an evil?

Mr. O'SULLIVAN. I believe that the only remedy is by stopping Chinese immigration by act of Congress, and by adopting measures to get rid of those who are already here. If that is not done, I am sure there

will be bloodshed in California in less than two years. The Chinese will be expelled by force.

The CHAIRMAN. Have you any idea as to the number of Chinese on the Pacific slope?

Mr. O'SULLIVAN. I have no idea only from what I have read. It is sometimes assumed that the Chinese number from 100,000 to 150,000.

The CHAIRMAN. What have you to say on the question of land-monopoly?

Mr. O'SULLIVAN. Mr. Stuart was asked whether most of the land here was held legally, and said that the most of it was. Now, I contend that more than one-half of the best arable land in the State has been stolen bodily—grabbed by land-grabbers, as we call them. Some of them have taken up land by what is known as the dummy system. That is, a system by which they go around town, pick up a man, take him to the land-office, get him to enter 160 acres in his name, and then get it transferred to themselves. That has been notably done by Mr. Hagan within the last two years in Kern County. He has taken up 2,000 acres under the desert-land act, and has taken land which is no desert.

The CHAIRMAN. Who is in fault in granting patents under such circumstances? Is it the land office?

Mr. O'SULLIVAN. Yes. These men have used the land office for their purposes. Testimony has been given before a committee of the California legislature that the land office has been used for this purpose. A man named Chapman came out here ten years ago from Minnesota with $30,000 in Sioux scrip, and he located it all over this State. His clerk, whose testimony was given before a committee of the legislature, testified that Mr. Chapman had entered lands in the name of Indians who were dead, and had located this land scrip all over the State.

The CHAIRMAN. That was not the fault of the register of the land office, was it?

Mr. O'SULLIVAN. Yes; Chapman had to have a permit from the land office. The board of equalization of this State, when revising the assessments of 1872, found that the number of farms in the State was 27,996 at that time, large and small farms, and that the total acreage was 23,340,000 acres. These farms were divided into nine classes by the board of equalization. The first class consisted of 23,315 farms, containing from 100 to 500 acres each, and averaging 250 acres—total number of acres, 4,663,000. The ninth class consisted of 122 farms, containing 20,000 acres and upwards, the total acreage being 8,782,000. Here is a well-ascertained fact—that 122 farms in this State embraced double the quantity of land comprised in all the small farms.

Mr. MARTIN. How would you remedy that; by legislation? What kind of a law would you have Congress pass to remedy that evil?

Mr. O'SULLIVAN. I would make the law so strict that the pre-emption laws of the United States should be strictly carried out.

Mr. MARTIN. As to these owners of large bodies of land, what would you have Congress do; what kind of laws would you have Congress pass on the subject?

Mr. O'SULLIVAN. My remedy would be that, after the death of the man who owned 1,500 or 2,000 acres of land, only a certain quantity of it should go to his heirs, and that the rest of the land should be thrown into the market and sold for the benefit of the heirs.

Mr. MARTIN. How many acres would you let a man have? Suppose you have 50,000 acres of land, and 5 children. How many acres would you have the law allow to each child?

Mr. O'SULLIVAN. One hundred and sixty acres would be amply sufficient; but I would give more.

Mr. MARTIN. How much more?

Mr. O'SULLIVAN. I would give 500 or 600 acres.

Mr. MARTIN. What would you do with the rest of the land?

Mr. O'SULLIVAN. I would sell it and divide the proceeds among the heirs.

Mr. MARTIN. So you would keep the value of the property, after all, in the family?

Mr. O'SULLIVAN. I would keep the money in the family, but not the land.

Mr. MARTIN. Would you not let the children buy the land themselves?

Mr. O'SULLIVAN. No. The State of Ohio has under cultivation less than 27,000,000 acres of land, and in that State there are 195,000 farms, only a few of which contain more than a thousand acres. Mr. Stuart spoke of the Rio De Santa Clara grant. Mr. Tom. Scott bought four leagues of land on that river, the finest land in the county. He got the deputy surveyor to go down and survey it for him, and he extended it to eleven leagues.

Mr. O'CONNOR. Is there anything else that you wish to say?

Mr. O'SULLIVAN. The land held by more than half of the large landowners in California has been stolen from the public domain. There were no Mexican grants in the San Joaquin valley, or on the Sacramento or Sierra Nevada. All the original Mexican grants were confined to the coast counties, and did not cover the area of those counties. The land in San Joaquin and Sacramento has been grabbed under manufactured Spanish titles. These large holdings have retarded the prosperity and growth of California, and have kept down our population. In my travels through the State I have met farmers who told me that they traveled from the Oregon line to San Diego in search of a desirable piece of government land to settle on, and that they could not find it, and that they could not purchase land from these landholders at less than $40 to $50 an acre. The best land in the State is all taken up in this manner. There is nothing left but stony hillside and sand-hills in a State capable of supporting a population as great as that of France. The aim of these men, I believe, is to create a species of slavery here, with the Chinese working on their ranches.

Mr. O'CONNOR. Then, the two causes of the depression of industry in California you ascribe to the presence of the Chinese and to land-monopoly?

Mr. O'SULLIVAN. Yes, sir.

Views of Mr. Samuel Braunhart.

Mr. SAMUEL BRAUNHART came before the committee. He said, in reply to preliminary questions: I have been here since 1862; I am a commercial traveler in the boot and shoe trade; I travel throughout the State; I have been engaged in that business about two years.

The CHAIRMAN. What is the effect of Chinese competition on the boot and shoe business?

Mr. BRAUNHART. Formerly there were no manufacturers of boots and shoes belonging to the Chinese race in this State. Now there are large numbers of them. They do not as yet manufacture boots extensively, but they manufacture all kinds of children's, misses', and ladies' wear, as well as slippers; also the brogans and coarse shoes worn by

laborers. In my opinion nine-tenths of the ladies', misses', and children's shoes that are worn in California to-day are manufactured by Chinese. That has been my experience as a traveler, because the class of goods manufactured by the Chinese cannot be manufactured by white labor at within 30 or 40 or sometimes 50 per cent. of the price. Hence, all those kinds of goods are purchased by country merchants directly from Chinamen. Country merchants who come into this market to buy their goods buy their boots, brogans, and boys' and children's supplies, and goods of that nature, directly from Chinamen. The same kinds of goods if purchased from the white manufacturer would cost 33⅓ per cent. more. It is true that the Chinese goods are inferior to the goods made by white men, but nevertheless people will buy them on account of their cheapness.

The CHAIRMAN. How much cheaper do the Chinese sell their goods than the white men do?

Mr. BRAUNHART. It is not the same class of goods, but it is a class of goods that will sell equally as well, especially in auction stores and cheap country stores. The Chinese sell from 40 to 50 per cent. less than similar goods made by white men.

Mr. COWGILL. I understand you that what you are complaining of is that men will buy an inferior article rather than a superior one because they can get it at a less price.

Mr. BRAUNHART. Not exactly that. I mean to say that a class of goods is manufactured by the Chinese which has taken the place of the same class of goods manufactured by white labor. They are inferior of course. No article manufactured by the Chinamen is equal to the like article manufactured by white men. But people will buy cheap goods, and the Chinaman producing the cheapest goods will survive. It is my opinion that in less than five years, if Chinese immigration continues, there will not be a shoe-manufactory carried on by whites in the State of California.

The CHAIRMAN. Have you been over all parts of the State?

Mr. BRAUNHART. Yes.

The CHAIRMAN. Did you find this competition everywhere?

Mr. BRAUNHART. Everywhere. There are some merchants who do not purchase Chinese-made goods, but these are in places where people will pay high prices. But in towns like Sacramento and Stockton they purchase almost exclusively Chinese goods. Take a lady's balmoral, which costs $16.50 a dozen to manufacture. We can sell them for $18 a dozen. The Chinaman will manufacture an article that will look as well (of course it is inferior in quality), which he will sell for $13.50 a dozen. There is an auction establishment in this city, carried on by Davis & Co., which takes goods from at least 500 Chinamen, and I have seen goods sold there at prices at which, in my opinion, it would pay to ship them East, and to sell them there by auction. I have seen children's buff calf shoes sold as low as 45 cents a pair, which, in my opinion, could not be manufactured by white labor at $10 a dozen.

The CHAIRMAN. Can the Chinese manufacture good qualities as cheaply as the white man can, and, if so, how would it be about the prices?

Mr. BRAUNHART. They still could manufacture them at least 30 per cent. less than white men, on account of the cheapness of Chinese labor.

The CHAIRMAN. What effect has this had on the manufacture of boots and shoes in this city.

Mr. BRAUNHART. It has had the effect of bringing starvation to the doors of white boot and shoe makers. It has thrown them out of em-

ployment. When the manufacturing of boots and shoes was undertaken here first, there were twenty white shoemakers employed where there is one employed now.

The CHAIRMAN. Do the Chinese monopolize the shoe-business?

Mr. BRAUNHART. Not altogether, but the greater part of it.

The CHAIRMAN. What do we understand you to mean by that?

Mr. BRAUNHART. Two-thirds, and I might say three-fourths, of the goods worn by ladies and children and misses in California are made by Chinese.

The CHAIRMAN. What number of people are out of employment to-day in this State in that line of business?

Mr. BRAUNHART. I cannot tell.

The CHAIRMAN. What other trades and occupations are there within your knowledge, in your daily walk in business, which have been injured by coming in conflict with Chinese labor?

Mr. BRAUNHART. The manufacture of furnishing goods, shirts, overalls, jumpers, and goods of that kind is carried on to day by Chinamen.

The CHAIRMAN. What do you call overalls?

Mr. BRAUNHART. I mean what covers the pants. Denham and duck goods are all made by Chinamen. I should say that there are 6,000 Chinese employed in their manufacture. They are used by laborers in the southern counties, where the climate is very warm. They wear them for pants exclusively.

The CHAIRMAN. What are they sold at a pair?

Mr. BRAUNHART. They are sold as low as $4.25, and as high as $16.50 a dozen, wholesale. They sell at retail as low as 40 cents a pair, and as high as $2.50.

The CHAIRMAN. Who manufactured them before the Chinese took hold of the business?

Mr. BRAUNHART. I admit that there was no manufacture of that class of goods here formerly; they were bought East. But a number of white girls have attempted to secure work at that business. They were willing to work at 50 cents a day, but they could not procure employment. I am speaking now of shirts, canton-flannel underwear, overshirts, &c.; all of California manufacture. There are hundreds and thousands of girls who could be very profitably engaged in that class of work if they could compete with Chinese labor, but it appears that people here would prefer to employ Chinamen rather than white girls. I believe that white girls would be willing to work at 50 cents a day. The reason why they do not employ these girls is that they say they cannot get goods quick enough from them. For instance, if a country merchant sends an order here for 50,000 overalls of a particular size, and if the dealer has not got them on hand, he must give his order to some Chinaman who is employing persons in the manufacture of that kind of article; and the Chinaman will bring them to him within 24 hours—500,000 of them if necessary—whereas if the order were given to girls, it would take them weeks and months before the order would be filled. I believe there are over 6,000 Chinamen employed in the manufacture of gentlemen's furnishing goods here.

Mr. COWGILL. What do you regard as a fair compensation for the labor of females per day?

Mr. BRAUNHART. Servant girls frequently receive in this State $30 a month and their board.

The CHAIRMAN. Do you know that all through the West, in Ohio, Indiana, Illinois, and all those States, where the population is far greater than here, $1.50 a week is fully an average price for female labor?

Mr. BRAUNHART. I have heard of such being the fact, but $1.50 a week and board amounts to more than 50 cents a day. No girl can board herself here at 50 cents a day.

Mr. COWGILL. Produce is as cheap here as with us.

Mr. BRAUNHART. That may be true, but a girl cannot live decently at 50 cents a day, and buy her clothing.

Mr. COWGILL. Where did you come from?

Mr. BRAUNHART. From Germany.

Mr. COWGILL. How long is it since you came to this country?

Mr. BRAUNHART. I came here in 1862.

Mr. COWGILL. What business have you followed before your present business?

Mr BRAUNHART. I have been a salesman as a general thing.

Mr. COWGILL. Did you ever do anything in the way of producing anything? Your business has been to barter and sell, has it not been? Were you ever a producer of anything that fed or clothed anybody?

Mr. BRAUNHART. Yes, sir; I consider myself a producer.

Mr. COWGILL. What do you produce?

Mr. BRAUNHART. I produce laborers.

Mr. COWGILL. What do you mean by that?

Mr. BRAUNHART. I mean that by my being engaged in employment others are employed. I am one of the distributors of the commodities of life.

The CHAIRMAN. You are a commercial agent, traveling from town to town, selling for others?

Mr. BRAUNHART. Yes; I am a workingman.

Mr. MARTIN. What remedy would you propose for all this evil?

Mr. BRAUNHART. First, I would abrogate the Burlingame treaty altogether.

Mr. MARTIN. Then what?

Mr. BRAUNHART. If that treaty could not be abrogated, I would extend the same privileges to the Chinese in this country that Americans have in China. If the people East are willing to have Chinese immigration, let them throw open the ports of Boston, New York, and Philadelphia, and we will exclude them from San Francisco, Portland, and the other Pacific ports.

Mr. MARTIN. Then what?

Mr. BRAUNHART. Then, perhaps, when the Chinese reach the shores of the Atlantic, the people of the East would cry out, as we cry out here to-day, "The Chinese must go." In the absence of that I would exclude Chinese immigration altogether.

Mr. MARTIN. Suppose that the Burlingame treaty be not annulled, and that Chinese immigration be not excluded, what then?

Mr. BRAUNHART. I am not prepared to say what the remedy then would be. I have peculiar views on the subject. I believe there is a power inherent in the State, guaranteed by the Constitution of the United States, to protect itself against all evils. I think that under the tenth amendment of the Constitution of the United States the State of California can deal with this question itself. But we prefer not to deal with it in that manner. I think that our State legislature can legislate on the subject, but we prefer to have Congressional action. This State has always been loyal to the Union, and we propose to remain loyal. Still I am not prepared to say what the people will do if this condition of things is to continue. I think that one step which Congress might take in the premises is to compel all American manufacturers to stamp

their goods so as to show by what class of labor the goods are manufactured, whether by Mongolian labor or white labor.

Mr. MARTIN. What would be the object of that?

Mr. BRAUNHART. To warn people on this coast. A good many white men will not purchase goods that are manufactured by Chinese labor.

Mr. MARTIN. Do you not think that that law would be violated?

Mr. BRAUNHART. I would make the penalty for its violation so severe that it would not be violated without the risk of these gentlemen wearing the striped clothes of the penitentiary. As to the land question, people are making false entries under the desert-land law, and are gobbling a great deal of land in the San Joaquin Valley, the Tulare Valley, and other parts of the State. The law has been loosely drawn, and people are making these entries under fictitious names. They can go to the land-office, pay 25 cents an acre, and three years afterwards a dollar more, and get a patent for the land. Under that law, which is very loosely drawn, hundreds of thousands of acres have been gobbled up in the various parts of the State. Another cause of land-monopoly in this State is the confirmation by Congress of a great many fraudulent Spanish grants. People who had grants for two leagues have generally got them confirmed for eleven leagues.

Mr. MARTIN. How?

Mr. BRAUNHART. The grant generally stated so many leagues, more or less, and the boundaries were generally very indefinite. They would say the north corner of a certain log or a certain rock, but the metes and bounds were improperly defined, and in this way the claimants secured lands that were not intended to be covered by the grant.

Mr. MARTIN. What would be the remedy as to the holding of these large tracts of land?

Mr. BRAUNHART. The only remedy would be to make the owners pay taxes on the lands. That is a matter altogether for State legislation.

Mr. MARTIN. These waste lands that are not used as farms are not taxed, are they?

Mr. BRAUNHART. They are taxed, but not sufficiently. A man may have 40 acres of land and be assessed $4 an acre, while another man may have 4,000 acres of land and be assessed only $2 an acre. I think that equal taxation will fix it. As soon as the holders of large tracts have to pay their just apportionment of the tax, I think the system will be broken up. I think that the remedy is already in our hands, as the new constitution provides that all lands of equal agricultural capacity must be taxed alike. They are held now merely for speculative purposes. We will deal with that question in the next legislature. I am going to be elected, and I will attend to it.

Views of Mr. Stephen Maybill.

Mr. STEPHEN MAYBILL came before the committee. He said, in reply to preliminary questions: I have been a resident here since 1861; my business is lathing houses.

The CHAIRMAN. State how your business has been affected by the presence of the Chinese.

Mr. MAYBILL. My trade, like a great many others, is interfered in indirectly quite as badly in the end as though it were interfered with directly. Young men, for instance, who go to the vineyards looking for jobs find Chinamen employed there, and not being able to get employment there, they come to San Francisco and get jobs on buildings. In every other branch of industry it is the same, and men have to resort to

those trades that are not meddled with by the Chinese. The result is that where probably there would not have been one, there are half a dozen men who have to resort to lathing in order to obtain a living. That overstocks the market, and the result is that wages have gone down to ruinous rates.

The CHAIRMAN. What are the wages in your trade now?

Mr. MAYBILL. About $1.25 a day, but that will not average $2.50 a week, as men do not find employment more than probably two days a week. They get work for one week, and then they have to leave off for two or three weeks.

Mr. COWGILL. Is there not anything else that you can be engaged in?

Mr. MAYBILL. If there is one person in the trade whose business is diversified it is myself, for I have pitched into almost everything. I have carried the hod; I have even slung a pen in a country newspaper office; but I have been always finally driven back to my old business. Up to within two years the direct influence of Chinese immigration was never felt in its full force. About two years ago hard times began. I have seen from 100 to 200 laborers here sleeping in the streets at night, wandering about the streets in the day, and living off the soup-houses, objects of charity. Before that the laborers as a class were a reputable body of men. This vagabond business has had an evil effect upon them, especially morally. During the last two years at least from five to seven of my acquaintances have been sent to the State penitentiary at San Quentin for crimes. These men I was personally acquainted with, and they were no more criminally inclined than the general run of men, but to-day they are inmates of San Quentin. Others of my fellow workmen have become drunkards. Sleeping in the streets at night and wandering in the streets by day has had a debasing influence upon them, and to-day two-thirds of them are habitual drunkards.

Mr. COWGILL. How do they get money to procure whisky if they cannot procure bread?

Mr. MAYBILL. There are men who can live on beer and who cannot exist without beer. When they get only two bits or four bits a day, that will not pay the rent of a room and feed and clothe them, and so they become desperate, aimless, and hopeless, and in that state of mind if any one proposes a can of beer they accept it, and then comes another can, and so on until intoxication becomes a habit with them.

The CHAIRMAN. Is the general labor here in a depressed condition?

Mr. MAYBILL. Yes; I have seen this same thing in other trades. I have seen more intoxication since wages went down than I saw when wages were high. I was a little more economical than the rest, and I saved a little and purchased a house and lot, but the effect which the depression has had upon my class is this: In the last two years I have gone in debt $350, and if the thing continues I will be gradually absorbed into the army of tramps, bummers, and vagabonds. It is only a question of time. That is the demoralizing effect upon workingmen of all trades.

Mr. O'CONNOR. Are the Chinese engaged in this business of lathing?

Mr. MAYBILL. No; but they enter upon a majority of other occupations, and the result is that young men who cannot get business in those other occupations have to resort to those where no Chinese are employed. There isn't work sufficient for all, and when a white man is driven from one trade he has to resort to another.

Views of Mr. S. A. Kusel.

Mr. S. A. KUSEL came before the committee. He said, in reply to pre-

liminary questions: I am a resident of San Francisco. I have lived here two or three years. I am engaged in shirt-making. I employ at this time from 30 to 40 hands—about two-thirds Chinamen and one-third women.

The CHAIRMAN. Give us your idea with reference to the effect that Chinese labor has on your occupation.

Mr. KUSEL. The effect of Chinamen being here is to tend to keep white immigration away, and consequently machine operators in the shirt trade are difficult to get at the price that we can afford to pay, for the reason that a woman cannot make wages at machine operating unless she works hard all day and works many hours. Very few women are strong enough to run a machine steadily all day. Women cannot stand it, although they do it in the East; but there the women are furnished with motive power in all large manufacturing places, while here they have to use foot power. For my part I would furnish power to the women, but in such a case the Chinamen will work so much cheaper, that others in my trade who employ them would have an advantage over me and would be able to sell their goods cheaper than I would be.

The CHAIRMAN. How long have you been engaged in the shirt-making business?

Mr. KUSEL. Three years.

The CHAIRMAN. Has there been a gradual encroachment in that business by the Chinese?

Mr. KUSEL. Yes, a great one.

The CHAIRMAN. Why do you employ Chinese?

Mr. KUSEL. For the reason that I cannot get white women to work for the price that I pay Chinamen, and I cannot afford to pay them any more because others would employ Chinese. Besides, the Chinese themselves make shirts and peddle them out all over the city, and almost take my customers from me. There are hundreds of storekeepers in this city now who do not make a living.

The CHAIRMAN. How much do the Chinese undersell you?

Mr. KUSEL. I do not know that they undersell me greatly. I sell on credit and they sell for cash, and perhaps they sell a little cheaper. I sell very little by retail. I sell to the storekeepers on credit, while the Chinese peddle out their goods and sell them at retail. In that way they injure me indirectly.

The CHAIRMAN. Is there a great demand for employment by poor white women at your establishment?

Mr. KUSEL. Yes. The only employment that I can give to women is the finishing—making the button-holes and sewing the buttons on; the work that is called finishing. Many women can work at that who cannot operate a machine. This work does not require so much physical strength. The shirts which Chinamen make are finished by these women.

Mr. O'CONNOR. Are there many white women out of employment here.

Mr. KUSEL. Yes; if I advertise for finishers, I suppose that in the course of two or three days I can have 100 applying for work. Washing is a great item in shirt manufacturing. Some three months ago two women started a laundry for laundrying new shirts, which is altogether a different business from washing old shirts. Very few women here in San Francisco understand it. These women used to work in the Standard Shirt Factory, a large concern here. They had some falling out, and these two women set up for themselves. They understood their business first rate. They went around among the custom shirt makers who

pay a little higher prices for laundrying new shirts than is paid by the shirt manufacturers, and they procured work from a good many stores on Kearney street and Montgomery street. They had been paying $2.25 a thousand to Chinamen for laundrying custom shirts, and these women got a good many customers at a less rate. As soon as the Chinamen found that out they reduced their rate to $1.50 a dozen, and the women had to give up the business, because they could not laundry new shirts at that rate and live by it. Then the women came down to $2 and offered to do it at that rate, but I could not supply them alone with that class of custom shirts, and for stock shirts I could not afford to pay them $1.50, and as they could not work for that, they gave up the business. Since that time another woman started in and hired a girl on Mission street, and I gave her work to do. As soon as I did so, a Chinaman who had been washing for me all the time gave up the work, saying that his men had gone back to China, and that he did not have hands enough, but I subsequently went to his establishment and saw that he had six ironers at work, besides the washers, and then I knew that the only reason why he quit washing for me was because I gave some of my washing to this woman.

The CHAIRMAN. Do you find Chinese women employed in any kind of business?

Mr. KUSEL. Yes; they make button-holes.

The CHAIRMAN. Have they any other occupation?

Mr. KUSEL. No; not that I know of. They make button-holes and overalls and such things; but I do not think they make a living by it.

The CHAIRMAN. How do they procure a living?

Mr. KUSEL. I think that all who work here are prostitutes. There are a few high-toned Chinese women here, but they do not work at all.

The CHAIRMAN. Do you say that the bulk of the Chinese women in this city are prostitutes?

Mr. KUSEL. Yes; I believe that ninety-nine out of a hundred are.

The CHAIRMAN. How many of them are there here?

Mr. KUSEL. That I cannot tell.

The CHAIRMAN. Are there thousands?

Mr. KUSEL. I do not know. I pass through Chinatown occasionally and I see them at the windows and doors.

The CHAIRMAN. They have a little square hole, I believe, which they look through?

Mr. KUSEL. Yes. I have also farmed in California for twenty years, and I can give you some information in regard to farming. I employed Chinamen and white men there, and I think that the presence of Chinamen tends greatly to demoralize farm-hands in California. Their sole aim appears to be to run white men out. If you have no white men on the farm, a Chinaman will not do more than half a day's labor; but as soon as there is a white man employed, the aim of the Chinaman is to do better than the white man, in order to get the white man out of the place. It is the same in the city. The Chinese just organize in opposition to the white race. The Chinese are the greatest strikers for wages that can be found anywhere, but their aim is to underbid the white man. They never come down in their prices for any other reason.

Mr. MARTIN. Is it true that they are better farm-hands than Americans?

Mr. KUSEL. I did not say that.

Mr. MARTIN. You say that they do more work.

Mr. KUSEL. I say that when they have a white man working along

side of them, they try their best to do better than he does so long as he is there. The Chinese are the greatest frauds.

Mr. MARTIN. As long as a Chinaman and an American are working together, the Chinaman will do better work than the American, will he?

Mr. KUSEL. No, I did not say that. I say he tries to do better than the white man. In harvest times where eight white men would do the work of handling grain with a pitchfork, it will always take twelve Chinamen to do the same work, even when they are trying their best. In certain kinds of work eight Americans will do as much as twelve Chinamen; but then there are other certain kinds of work, such as digging ditches or stumping out trees, in which the Chinese as a class will outwork the whites as a class. When it comes to chopping wood, however, one white man will do as much work as six of the best Chinamen; but when it comes to the grub-ax or spade, I think that a Chinaman will beat an American. I consider the Irishman to come next in that class.

Mr. MARTIN. Are not the Irish laborers the best workers in the world with the spade?

Mr. KUSEL. I believe that the Chinamen can beat the Irish with the grub-ax and spade and shovel and digging in mud. They stand the stooping position best.

Views of Mr. E. W. Slessinger.

Mr. E. W. SLESSINGER came before the committee. He said, in reply to preliminary questions: I have been here on this coast for twenty years. I am in the boot and shoe business, and have been in that business on my own account for seven years.

The CHAIRMAN. What is the condition of that business, and how is it affected by Chinese labor?

Mr. SLESSINGER. Our business was all in good shape, and we were doing well until the Chinamen got into the manufacture of boots and shoes, and they are getting away with us.

The CHAIRMAN. When did the Chinamen make the first serious assault on your business?

Mr. SLESSINGER. Within the last five years, but mostly for the last three years.

The CHAIRMAN. Is your business growing worse?

Mr. SLESSINGER. In certain lines of goods the Chinese have driven us out altogether. We cannot manufacture those goods any more by white labor, because the Chinese dispose of them for less than the stock costs us. How they do it I do not know, but it is done. If the Chinese pay for the stock which they use I do not know how they do it.

The CHAIRMAN. How large a business are you conducting now?

Mr. SLESSINGER. We have had a little over 200 men at work right along; now we have not got half that number, and the number is growing less every day. The Chinese are selling goods all over the country, peddling them out regardless of cost just to raise money. I notice that our tanners here have been of late supplying the Chinese with goods on credit, which they never did before. The Chinese are very unreliable in matters of debt. A Chinaman will come into a tanner's establishment and say, "Here is my card. I do business at such and such a number on Commercial street or on Clay street. My name is Hy Wong. I want to buy goods at thirty days' credit." Afterwards, when the tanner goes to collect his bill, he finds that there is no Hy Wong at that number, and that is the last of his money.

Mr. MARTIN. The Chinaman would not fool that tanner any more, would he?

Mr. SLESSINGER. No; I presume not. The Chinese imitate low-priced goods so that white men cannot come near them in point of cheapness.

Mr. MARTIN. Do you manufacture for wholesale business?

Mr. SLESSINGER. For wholesale business entirely.

Mr. MARTIN. And you have now about 100 persons employed?

Mr. SLESSINGER. Yes.

Mr. MARTIN. What wages do you pay them at present?

Mr. SLESSINGER. I presume they will average $3 a day—good mechanics in the shop—and outside labor about $2.

Mr. MARTIN. What did you pay the same class of men before this competition overtook you?

Mr. SLESSINGER. About $3 and $3.50 for skilled labor—for the best workmen. Outside labor we paid about the same.

Mr. MARTIN. Do you employ any Chinese?

Mr. SLESSINGER. We have about ten Chinamen to do the dirty work of the establishment—washing and scrubbing, &c.

Mr. MARTIN. Why do you employ these ten or twelve Chinamen in preference to white men?

Mr. SLESSINGER. We cannot get white men to take their places at present. We can get boys and break them in.

Mr. MARTIN. What work is it that you employ them at?

Mr. SLESSINGER. Hammering out soles and cutting out pieces, &c.; light work. But as to making boots, or anything of that kind, we have no Chinamen employed. All our goods are made by white labor.

Mr. COWGILL. You say that you cannot get white men to hammer out leather?

Mr. SLESSINGER. O, yes. We can break in boys; but we cannot get the men exactly when we want them.

Mr. COWGILL. Why not, if labor is so plenty here?

Mr. SLESSINGER. Laboring men are leaving here every day; they are going east.

Mr. COWGILL. I thought there were thousands of men here that were not employed?

Mr. SLESSINGER. There are a great many good workmen here unemployed.

Mr. COWGILL. It does not require much skill, I suppose, to hammer out leather and to cut scraps?

Mr. SLESSINGER. No; but we have first to teach them how to do it. When you have a business, and when everything is in running order, it is not always convenient to put green men into a place.

Mr. COWGILL. Could you not put white men into these places?

Mr. SLESSINGER. We are doing it every day; but we cannot get them all at once.

Mr. COWGILL. It would not take you long to get ten or twelve men?

Mr. SLESSINGER. Sometimes it does; to get men of the right kind.

Mr. COWGILL. Is not one of the troubles that you are laboring under here that a great many of the white men who are out of employment will not work unless they get exorbitant rates of wages?

Mr. SLESSINGER. They do not like to work for $1.50 a day. They want to make $2 and $2.50 a day. Some of them who come in say that they have families, and that they cannot support their families on $1.50 a day.

Mr. O'CONNOR. Is the trade and business of California in a depressed condition?

Mr. SLESSINGER. Not at present.

Mr. O'CONNOR. Has it been recently?

Mr. SLESSINGER. Not this year; I have not found it so.

Mr. O'CONNOR. Was it so last year?

Mr. SLESSINGER. Last year it was better than this year in our line.

Mr. O'CONNOR. Therefore your business is more depressed now than it was a year ago?

Mr. SLESSINGER. Yes; and two years ago it was still better.

Mr. O'CONNOR. What is the general condition of business in this city?

Mr. SLESSINGER. Business men who are manufacturing all seem to complain, but people who are importing are in better spirits.

Mr. O'CONNOR. Is there any immigration of labor from the East to this point?

Mr. SLESSINGER. Laborers in the East are all told to stay away, as Chinamen are getting away with white men. I have just come back from Boston, and while in the East I visited the manufactories at Lynn. The workingmen there are all well posted about our manufacturing here. I asked several of the workingmen whom I met there to come here where they would get better wages. They said "No; Chinamen will play out all the workmen there."

Mr. MARTIN. Is it your opinion that if these men were to come here they would get employment?

Mr. SLESSINGER. In some fine goods they might, but when it comes to staple goods they could not. At present there are from 150 to 200 Chinese boot and shoe factories in this State, and sooner or later we have all to step out of the business.

Mr. O'CONNOR. What do you propose as a remedy?

Mr. SLESSINGER. That is hard to state, unless the government takes hold of the matter and makes the Chinese pay the taxes that we pay, and makes them live as white men live. That would remedy the evil.

Mr. MARTIN. Do not the Chinese pay their taxes?

Mr. SLESSINGER. I presume that some of them do and some do not. One difficulty is, that you cannot tell one Chinaman from another. They all look alike and all appear to have the same names.

Mr. MARTIN. They pay taxes on what property they have, do they not?

Mr. SLESSINGER. That property is very little. The property goes out of their hands just as soon as it is manufactured. You never see any of it. I would not trust one of these Chinamen with a five-cent piece.

The CHAIRMAN. For what reason would you not trust him?

Mr. SLESSINGER. Because I do not think I would ever get a cent from him.

Mr. MARTIN. Would you ever find him when you went to look for him?

Mr. SLESSINGER. That is very hard to tell. I have had several cases of that kind.

Mr. MARTIN. Do you employ any Chinese women?

Mr. SLESSINGER. No, sir; I think they are a bad egg.

Views of Mr. Alexander Dunbar.

Mr. ALEXANDER DUNBAR came before the committee. He said in reply to preliminary questions: I am at present engaged in writing a work, but I have been engaged in mechanical business, and I have em-

ployed a good many men since I have been in this city. I have lived here five years. I have traveled somewhat through the State. The first year that I was here I traveled nearly all the time. I came here from Canada. I have been in this country since 1864. I have been at Washington. I had a contract for laying the water-main in Washington—the two sections adjoining the city of Washington. I have been brought up an agriculturist, and I worked as a railroad contractor. The government paid me $25,000 for my services for one year.

Mr. O'CONNOR. In what capacity?

Mr. DUNBAR. In the science of veterinary surgery, in connection with the treatment of horses' feet, and I gave great satisfaction. I have a report from the War Department, after a year's service, that my engagement was an entire success.

Mr. COWGILL. You have been in this room most of the time during the investigation. If you know any depression of labor in this part of the country, state what it is and what its causes are, and what remedy you have to suggest for it.

Mr. DUNBAR. There is a periodical depression every 20 years. We are in it at this time and are just getting out of it. We went through the very same process in 1857, 1837, and in 1817 and in 1787, and so back in English history from the beginning of civilization. This present depression was enhanced by the panic of 1873, and that was caused by the interference of the Wisconsin legislature with the railroads. I think that the introduction of the Chinese into this country is a great injury to white labor, just as the introduction of labor-saving machinery is an injury. Chinamen enhance the difficulty, but yet they have done much service in this country. They have done much work which would not have been done without them.

Mr. MARTIN. What caused the depression of business in 1873?

Mr. DUNBAR. The Wisconsin legislature passed an act in regard to railroad matters and that act affected the Northern Pacific Railway. It frightened the Northern Pacific bondholders and stockholders in Austria and they refused to buy any more bonds, and sent back those which they already had to England. They were put in the market there, and that broke down Jay Cooke & Co.; and Jay Cooke's failure upset the banking system in this country, and that upset real estate and brought on these troubles, which continue to the present day. Confidence, which is the living and acting capital of small banks, has been destroyed by agitators, and by this depression, and by the sale of those securities. But these periodical prostrations come under the law of supply and demand. Manufacturers never calculate how much they ought to manufacture. All the work is done by guessing, and thus there is a surplus of manufactured goods.

The CHAIRMAN. Come down to the Chinese question. Give us light on that.

Mr. DUNBAR. The Chinese do not work on farms at anything which requires the work of good white men. The only work that they are employed at is light work in vineyards and in the cultivation of vegetables and the like. They are not engaged in raising wheat or in the thrashing of it; it passes into the sack before the Chinamen are engaged on it. Chinamen are only used where white men will not work or cannot be got, because one white man is worth three Chinaman. But in this particular light work the Chinamen, are better and more reliable than white men, because Chinamen are always on hand; white men love a little pleasure, and I do not blame them for it. The climate is one of the particular

things in the question, because you cannot carry on a small farm here without irrigation.

Mr. O'CONNOR. Is the competition of Chinese labor with white labor on the Pacific coast detrimental to the progress and prosperity of labor?

Mr. DUNBAR. Certainly; when the labor market is overcrowded. There is room here for some Chinamen, but others are doing work which ought to be done by white men. If our goods are brought here from the East, and if the goods produced by the Chinese are sold at exactly the same price, then the advantage is with California. If the Chinese do import most of what they eat, they have to pay duties upon it and freight; but there are a great many indirect benefits from their presence here. They have done much in reclaiming land which would not have been reclaimed without them. Men get land cultivated here by Chinese labor which no white man would touch. They give this land to the Chinaman for a good number of years to reclaim and then they take it from them. There are a good many good things which the Chinese do, but still I think that they are very much in the way of the working white men. On the whole, the workingman's grievance here is not aggravated.

Views of Mr. Samuel Lewis.

Mr. SAMUEL LEWIS appeared before the committee. He said in reply to preliminary questions: I have been here on the Pacific coast since 1859. For the last ten years I have been carrying on the cigar-making business. I am one of the firm of Lewis Brothers.

The CHAIRMAN. State the effect of Chinese labor on the cigar business.

Mr. LEWIS. Within the last sixty days we have not been manufacturing; we have stopped work and are going out of the business. The competition is so great in that line of business that it fails to pay. Chinamen will work for one another cheaper than they will work for white men, and therefore Chinese manufacturers can undersell the white manufacturers. The Chinaman will work longer hours than the white man, and in that way he can work cheaper for the Chinamen than he can for white men.

The CHAIRMAN. How long have you been in business as a cigar maker in this city?

Mr. LEWIS. About 12 years.

The CHAIRMAN. Have you retired from the business in consequence of Chinese competition?

Mr. LEWIS. Yes, sir; to a certain extent.

The CHAIRMAN. Have you been in the habit of employing many men in your business?

Mr. LEWIS. Yes, sir; for the last few years we have employed from 50 to 150. We have employed as many as 350 or 400.

The CHAIRMAN. What proportion of those were Chinamen?

Mr. LEWIS. I suppose that 90 per cent. were Chinamen. For trustworthy positions, such as bookkeeper, foreman, assistant bookkeeper, &c., we have had white men.

The CHAIRMAN. The time has come when you cannot even employ Chinese labor profitably?

Mr. LEWIS. Not in that particular line, because Chinamen work cheaper for other Chinamen than they do for white men. Chinamen work day and night. If you walk around the town in the evening from six to twelve and one o'clock at night you will find Chinese wash-houses in full operation. White men and women cannot stand working that

number of hours; but the Chinese seem to require less sleep than white men do. They can live on less. Rice is the cheapest food and the Chinese can live on it altogether, so that white men cannot compete with them.

Mr. O'CONNOR. You think that the white labor cannot come in competition with Chinese labor without going to the wall?

Mr. LEWIS. It cannot. I consider the presence of the Chinese here as a damage to the working classes of our population, and as detrimental to all classes of it. I think that their presence here affects injuriously the value of real estate, because it checks public improvements. If we had half the number of white men employed on this coast that there are Chinamen, the money which they would earn would be put in circulation. Their savings would go to the banks and would be loaned in turn to parties for investment in real estate. But just the reverse is the case, and the Chinaman's sole aim and object in coming here is to save money and go back to China. In fact, one of the rules and regulations under which they leave their country is that they shall return to it dead or alive. If they die here their bones are sent back to China. Chinamen put no money in the savings banks. Their sole aim is to accumulate as much money as possible and to return to China as soon as possible; while, on the other hand, white men come here with the purpose of making it their homes. Cincinnati has been built up principally by the working classes. Now, if we were to depend upon the Chinese building up San Francisco we would never have a city. That is an undisputed fact. I do not believe that there is a Chinaman among the depositors in savings banks. The amount of money that is being continually sent to China shows that the Chinese are sucking the life-blood out of the State. I am not particularly prejudiced against the Chinese; they are a very industrious people; but I like the white man better. White immigrants assimilate with us; they adopt our manners and customs, but the Chinese do not. A little Chinaman down here in Chinatown, Ah Quin, has got a little-foot woman and a big-foot woman, two wives. I think nothing of that; it is their custom. But the Chinese here, as a rule, do not marry; and there is no natural increase of the Chinese population. I think it would be a benefit if the labor that is done by the Chinese here was given to the white people. An increase of population is what we want. Then, again, I would not believe a Chinaman under oath.

The CHAIRMAN. What remedy have you to propose for this evil?

Mr. LEWIS. I think that the bill which passed Congress would be a pretty good remedy. I think that if Chinese immigration were limited to a certain number, as in that bill, ten or fifteen on each steamer, that limitation, together with the natural decrease of the Chinese population now here by death, would in the course of time eradicate the evil.

Mr. COWGILL. You said that you would not believe a Chinaman under oath. Do you mean that they disregard the obligations of an oath?

Mr. LEWIS. I do not believe that they know anything of the obligations of an oath. Their form of taking the oath is by cutting off the head of a rooster.

Mr. COWGILL. Can you rely upon what they tell you in their business relations? If you make an inquiry of them on any given subject, do you believe that they would tell you the truth; or are they utterly regardless and reckless in the matter of telling the truth?

Mr. LEWIS. I think there may be exceptions, but as a general rule I do not think I would believe them.

Mr. COWGILL. You think they are not worthy of belief?

Mr. LEWIS. Not as a general thing. That is my candid opinion. I have tried to make confidants of Chinamen in one or two instances, but I found out that whatever I told them they did not regard as a secret.

Mr. O'CONNOR. Is trade and the business of California at present in a depressed condition?

Mr. LEWIS. Yes, sir; and has been very much so for the last two or three years.

Mr. O'CONNOR. Are the laboring classes in a state of contentment or in a state of agitation?

Mr. LEWIS. There has been agitation more or less on the subject of the Chinese for a long time, and there are good reasons for it. If you are a working man, for instance, you know that the presence of the Chinese among us is a detriment to you and your family, and you naturally speak of it in the presence of your family. The consequence is that the children speak of the Chinese in a disrespectful sort of manner, and they do not have any hesitation in throwing stones at Chinamen as they pass through the streets. I believe that the children of laboring men in this country would be much better in every respect, morally, intellectually, and in every other respect, if there were no Chinese here.

Views of Mr. Patrick J. Healy.

Mr. PATRICK J. HEALY came before the committee. He said: The causes of the depression in labor are general, not special, in their nature. The world has suffered from stagnation in trade; California is not an exception. We are better off here than in any other State in the Union, notwithstanding the presence of the Chinese. The presence of the Chinese here is no more of an evil than the application of electricity and steam to the arts and sciences. All these agencies have a tendency in the same direction, that is to cheapen production. Either of these respective agencies would bring about the same result, only that a longer time would be required. The subdivision of labor consequent upon the discovery of steam revolutionized the old system of industry. The era of master and apprentice passed away and never can be restored. The telegraph struck the death-blow to speculative commerce, and hereafter more exchanges of products will take place with less friction than in the past. The telegraph, rapid transit, and the subdivision of labor would, in themselves, compel a reorganization of society, so far as production and consumption are concerned; and no matter what may be said of other matters, production and consumption are the two main factors in modern society. The great problem for the individual is to get the maximum of compensation for the minimum of toil. That is the problem for nations as well as individuals. We are all hastening this minimum of cost in production, consciously or unconsciously, but with a good deal of unnecessary friction. The proper way to act is to become convinced that the foregoing statement is true, and we can hasten the ultimate result harmoniously. To do this scientifically, it is necessary that we have universal peace; that no man shall be interfered with in working all the hours he pleases and for what wages he pleases. But co-relatively with this freedom to toil we must have free land, free speech, and free money. Give us this freedom, coupled with responsibility, and the rest will take care of itself. When I say free land, I mean it absolutely. I mean that no so-called "vested rights" in land shall exist in opposition to the natural unalienable right of individuals to life and its necessities. I mean that personal occupancy

shall be the only title to land, and that land itself must be taken out of the category of property. I mean that no one shall be allowed to buy land or sell land on any condition whatever. Then Shylock will loose his grasp upon the throat of progress, and money will become a medium of exchange—its natural function, and not a measure of value—its fatal quality. Free trade must also be absolute—both national and municipal. No custom-house must exist as a barrier between the purchaser and consumer. No license must be collected from any one in city or State, whether he does or does not use a one or two horse vehicle in his business. No tax-gatherer must be employed by the govern, ment. Every man must be his own assessor, pay his *pro rata* of taxes and take the consequences. Freedom and responsibility will be the rallying cry in the new order of things. Suffrage must be restricted to those who hold real-estate property, and the holding of such property must be universal, otherwise responsibility cannot exist. Free speech must exist without let or hinderance, always remembering the responsibility. This may seem like radical and visionary talk, but if you try to explain the Jablochoff candle to the Patagonian, see whether he will not think you mad. In my opinion, this committee is of more importance than the convention which formulated the Constitution of the United States. But before this committee gets through with the question before it, it must be enlarged until it embraces representatives from all governments with which we hold commercial relations. The states-general must be convened upon a universal basis; and it will be found, before they get through, that their action must rest upon the eternal verities, or it will be as useless as the vapid mouthing of an anti-coolie club. The social and industrial world is in travail, and woe be unto those who would force a premature or false issue. It will be the wheel that will grind them to powder. Events are pushing on to this focus, and we cannot avert their effects if we would. But let no one despair. Anarchy will not ensue, except the temporary analytical anarchy which is the prelude to synthetical order. Before this large committee of which I speak gets through its labors, we shall have an agreement that speculative commerce has had its day; that commerce for financial profit must cease, and that an equitable exchange of service for service is what the world hungers for.

The CHAIRMAN. You have given us a disquisition which contains some truths and some errors. But how do you apply it to the present condition of things?

Mr. HEALY. The application of it is to let the Chinese severely alone, and to mind our own business.

The CHAIRMAN. But suppose that the Chinese come here in such swarms as to turn out the white men and to monopolize all the business occupations in the State?

Mr. HEALY. They never do come in such swarms. They come in obedience to the law of demand and supply; and they do not come when they are not wanted.

The CHAIRMAN. Are they not increasing in numbers?

Mr. HEALY. And so are white people increasing, and their wants are increasing in like ratio. We are importing more boots and shoes now from Massachusetts than we ever did before in any other previous year, and we are producing more Chinese work than we ever before produced on this coast. Now, if Chinese cheap labor is so detrimental, why is it that Massachusetts cheap labor can compete successfully with it, pay-

ing heavy freights to the railroad companies? I ask the members of this committee to explain that fact.

The CHAIRMAN. But treat the Chinese question as a political question. Suppose that the Chinese population in this State shall increase in numbers so as to assume the political power of the State, would you be willing to submit to that condition of affairs?

Mr. HEALY. I would be willing to treat them the same as any other human beings, and to compete with them on the same conditions. I would be willing to grant them the same privileges as I enjoy myself on the same conditions. I would be willing to grant them the ballot, the safety which was granted to the negro.

The CHAIRMAN. According to your idea, would you regard it healthy for the rest of the country for paganism to become the order of the day in California?

Mr. HEALY. Yes, sir; essentially so. Paganism is just as moral a religion as the religion which is now practiced in California, where the ministers of the gospel are stock-sharps and land-thieves, as the records of the city will prove.

The CHAIRMAN. Do you measure morals in California by the morals of the rest of the United States?

Mr. HEALY. I measure the morals of California by itself; it is a peculiar State. Most of the people come here to avoid hard labor, and to get something for which they would not have to work hard. They were of a speculative character, and they have not lost that character. You can see three licensed institutions here in the middle of the city where there is more fraud and more dishonesty carried out and inculcated than there is in all Chinatown.

The CHAIRMAN. What remedy have you to bring the State back to a moral condition? You say that it has lost its morality?

Mr. HEALY. No, sir; it never had any.

The CHAIRMAN. What remedy would you adopt to bring it to a healthy, sound condition?

Mr. HEALY. The remedy is that every man should work for his living, and be compelled to do it, or starve.

The CHAIRMAN. And if a majority of the population say that paganism should prevail, you would have paganism prevail?

Mr. HEALY. Yes, sir; that is the American system of government.

Mr. O'CONNOR. How long have you been an American citizen?

Mr. HEALY. I have been in this country twenty-six years, and have been an American citizen since 1865.

Mr. O'CONNOR. Of what country are you a native?

Mr. HEALY. I am a native of Ireland.

Mr. O'CONNOR. Do you hold the Mongolian to be the equal of the Caucasian?

Mr. HEALY. Yes, sir; and in some respects the superior. Your evidance taken here proves him to be the superior.

Mr. O'CONNOR. Do you consider a human being who can live simply on rice the equal of a human being who requires different aliments to sustain human life?

Mr. HEALY. In that respect he is superior.

Mr. O'CONNOR. You therefore think that people who are vegetarians are a higher order of beings than people who live on animal food?

Mr. HEALY. If they can perform the same amount of labor they certainly are, because a vegetarian diet is more in accordance with science.

Mr. O'CONNOR. Then you measure the quality of a people by the amount of labor that they can perform?

Mr. HEALY. That is the modern idea.

Mr. O'CONNOR. Who started that modern idea?

Mr. HEALY. It has not been started; it is a growth. It is the tendency of things.

Mr. O'CONNOR. Have you visited the Chinese quarter in this city?

Mr. HEALY. Yes, sir, hundreds of times; at all hours of the day and night.

Mr. O'CONNOR. Have you been edified by the spectacles you have seen there?

Mr. HEALY. Not any more than I have been in passing through the filthy slums of New York City and other Eastern cities where the same characteristics prevail.

Mr. O'CONNOR. Have you ever seen in New York forty men sleeping in a room 15 feet by 20?

Mr. HEALY. I have never seen that here.

Mr. O'CONNOR. Have you been in their sleeping quarters here in China town?

Mr. HEALY. No, sir; I can believe the reliable testimony of other witnesses without having the odor myself.

Mr. O'CONNOR. Then you have not made a thorough inspection of the Chinese quarter?

Mr. HEALY. I have been on the outside of it a thousand times; I have not dived to the bottom of it; I have looked in, and I have been at their New Year's ceremonies and partaken of refreshments, and all that sort of thing.

Mr. O'CONNOR. Do you believe a race of people that does not recognize the law of marriage as binding to be the equal of a race of people which does recognize the law of marriage?

Mr. HEALY. I have no evidence that the Chinese do not recognize that law.

Mr. O'CONNOR. Do you know the proportions between males and females constituting the Chinese population in San Francisco?

Mr. HEALY. I do not know that fact either.

Mr. O'CONNOR. Do you know that out of a population of 32,000 Chinese there are only 2,000 women?

Mr. HEALY. I have no reliable evidence of that fact.

Mr. O'CONNOR. You have no reliable evidence of anything.

Mr. HEALY. Yes; I have reliable evidence that this committee is now in session.

Mr. O'CONNOR. You have clear demonstration of that.

Mr. HEALY. Yes.

Mr. O'CONNOR. Do you believe in statistical knowledge?

Mr. HEALY. Yes; to a great extent.

Mr. O'CONNOR. If the census of the population of San Francisco shows that there are 32,000 Chinese in this city would you believe that?

Mr. HEALY. It would depend a good deal upon who took the census. If it was taken by a man who was opposed to Chinese immigration I would not believe him.

Mr. O'CONNOR. What business do you perform?

Mr. HEALY. I am a shoemaker.

Mr. O'CONNOR. Are you a journeyman shoemaker?

Mr. HEALY. I am, and have been for twenty-five years.

Mr. O'CONNOR. Are you engaged in that business now?

Mr. HEALY. I have been up to the 12th of last July.

Mr. O'CONNOR. What are you doing now?

Mr. HEALY. I am now studying law.

Mr. O'CONNOR. Have you ever been employed by the Chinese?

Mr. HEALY. Never.

Mr. O'CONNOR. You have never done any work for them?

Mr. HEALY. Never.

Mr. O'CONNOR. How do you study law and manage to support yourself at the same time?

Mr. HEALY. I get up at two o'clock in the morning and I carry morning newspapers for four or five hours, and thereby obtain a living to enable me to study law.

Mr. O'CONNOR. From your observation you think that the admixture of Mongolians with the American race would be rather advantageous than otherwise?

Mr. HEALY. Not necessarily advantageous; it is a neutral mixture. Everybody comes here for his own benefit. The Chinese come here for their benefit; I came here for mine. The Jewish people will not mix with us. I very seldom hear of a Jewish maiden being married to an Irishman, and yet we find no fault with the Jews on that account.

Mr. COWGILL. You do not try to drive them out of the country?

Mr. HEALY. No, sir.

The CHAIRMAN. You would not approve of a cross between Irish and Mongolians?

Mr. HEALY. If it is their volition I would have nothing to put in the way of it; it would be an admirable cross.

The CHAIRMAN. What would it produce?

Mr. HEALY. It would produce a race of human beings that would be the terror of the world.

Views of Mr. T. B. O'Brien.

Mr. T. B. O'BRIEN appeared before the committee. He said, in reply to preliminary questions: I have resided here six years, and am a miner by occupation.

The CHAIRMAN. How does Chinese labor come in conflict with white labor in mining operations?

Mr. O'BRIEN. In 1873 I and two others were employed in this city to go over to Alameda to prospect for a quarry. I had never come in contact with the Chinese until then. We remained until we had developed the ledge of the rock. After we had developed the rock and done the most critical portion of the work the contractors who had the quarry, and who had also the contract for macadamizing several of the streets in Oakland, introduced Chinamen into the quarry. There were six or seven white men then working there. The Chinamen were invariably put to the light portion of the work. We had large drills from 15 to 16½ feet and an inch and a quarter in diameter to turn around, and the work used to contract the muscles of our hands. The Chinamen would not turn these drills. They had the work of a striking-hammer, and that is the lightest work in mining. Before the Chinamen were introduced into camp we had a clean camp, but after they came in some sort of disease broke out among the Chinamen, and one of them died. I was called upon, in conjunction with several others, to go and examine the dead man, and we were subpœnaed as a coroner's jury. I refused going because I thought that the man had died of some sort of a contaminating disease that was infectious, but I was told that I had to go. Finally, I consented and went in; and when I got out the foul air inside acted as a sort of emetic on me. I got sick and I left the place and went to Mount Diablo, and I staid there for eighteen months mining.

The CHAIRMAN. What is the effect of Chinese labor coming in competition with yours?

Mr. O'BRIEN. The effect in Oakland was that it drove white miners out, and that the Chinamen got possession of that quarry. Then I went to Caliente in 1875, and worked on a railroad tunnel there. We were running a tunnel through a mountain. The Chinamen worked in one end of the tunnel, and we had to penetrate a perpendicular side of the mountain. At that time there were between four and five thousand Chinamen employed on the Southern Pacific Railroad. We had to penetrate through a perpendicular cliff in the mountain. The Chinese would not venture there until there was an opening made through the mountain, and in the other end the Chinamen were employed. When we found out that the object of the contractors was to have us penetrate through the mountain and then to get the Chinamen in to work we left.

The CHAIRMAN. Why?

Mr. O'BRIEN. Because we knew very well that after we had got in a secure distance through the mountain we would be discharged and Chinamen would be put in our place.

The CHAIRMAN. Why? Did the Chinamen receive less wages than you did?

Mr. O'BRIEN. Yes. They received only a dollar a day, and we were receiving from $35 to $40 a month and board.

The CHAIRMAN. Then the consequence was that the Chinese labor drove you out?

Mr. O'BRIEN. Yes.

Mr. COWGILL. What was there to hinder you from exacting whatever wages you thought proper when you were doing the kind of work which nobody else would do?

Mr. O'BRIEN. We asked the contractor what our wages would be, and he eluded our answer, and said that the superintendent of the road would be around and would fix that. We had not intended to work for the wages he gave us. In Dutch Flats, in 1873, the miners were receiving $3 a day; now they are receiving only from $2 to $2.50 a day, the reduction being caused by the introduction of Chinese. There are also several placer mining camps in this State where Chinamen are employed, and from which the white men have been driven out.

The CHAIRMAN. So far as your knowledge extends throughout the mining country, has Chinese labor generally taken possession of the work to the exclusion of white labor?

Mr. O'BRIEN. In certain localities it has. When a man wishes to patronize the Caucassian race he has the work done by white men. But where Chinamen are employed through the instrumentality of the six Chinese companies white labor has been displaced.

The CHAIRMAN. Are you engaged in mining now?

Mr. O'BRIEN. No, sir; not at present.

The CHAIRMAN. Why?

Mr. O'BRIEN. I have given it up. I have gone into a holier cause.

The CHAIRMAN. What is that?

Mr. O'BRIEN. I am engaged in the labor agitation.

The CHAIRMAN. Then you cannot get employment at mining at what you regard as fair compensation?

Mr. O'BRIEN. No, sir. I do not regard $2 or $2.50 a day a fair compensation at mining-work, for twelve hours a day.

Mr. GOWGILL. What did you say your employment is at the present time?

Mr. O'BRIEN. I am not employed as a miner at the present time.

Mr. COWGILL. What is your business now?

Mr. O'BRIEN. I am identified with the labor party at the present time.

Mr. COWGILL. In what capacity?

Mr. O'BRIEN. As an organizer. In Virginia City, where they have got a white league, or an organization called the Miners' Union, the original wages of $4 a day are still retained, because miners have protested against allowing the introduction of Chinamen to the Gold Hills. They marched out and entered their protest against employing Chinamen. The Miners' Union of Virginia City and of Gold Hill does not allow Chinamen to go under ground, and consequently the miners there receive the original wages of $4 a day. They have had to organize a Caucasian club in Dutch Flats. The Chinese had become so obnoxious on account of the debauching of young boys, and of the introduction of contagious diseases, that they were driven out of the town, and are now restricted to a mile beyond the town limits.

Mr. MARTIN. What would be your remedy for the evil of Chinese immigration?

Mr. O'BRIEN. The abrogation of the Burlingame treaty.

Mr. MARTIN. Would you stop at that?

Mr. O'BRIEN. I would not. First, I would have the abrogation of the Burlingame treaty. Secondly, I would have colonies of immigrants from the Eastern States in this State, where individuals own one hundred thousand to three hundred thousand acres of land.

Mr. MARTIN. How would you get that land away from the owners? Do you think that you would have a right to place eastern immigrants on those lands?

Mr. O'BRIEN. No, sir. I would have the State issue bonds and pay the present owners of these lands a proper compensation for them.

Mr. MARTIN. Would you require the State to compel the owners of large tracts of land to sell their land?

Mr. O'BRIEN. No, sir. I would have the State contract a loan in order to place immigrants on the land, and I would give the owners a reasonable compensation at government prices for the land.

Mr. MARTIN. Suppose a gentleman had 50,000 acres of land. What means would you adopt so that immigrants from the East should go upon and occupy that land?

Mr. O'BRIEN. I would say the State should give the owner a reasonable compensation.

Mr. MARTIN. But if the owner does not want to sell the land, what would you do in that case?

Mr. O'BRIEN. Then I would make the owner comply with the requirement of the new constitution, which was adopted by 11,000 majority, and which provides that the land shall be equally taxed.

Mr. MARTIN. You might tax the land, but can you take it away from the owners?

Mr. O'BRIEN. No, not constitutionally. The last witness (Healy) stated that the Chinamen are wanted here. I ask this committee to take into consideration the fact there was a majority of 11,000 given for the new constitution on the 7th of May last, and that there was an absolute protest against the introduction of Chinese into the State.

Mr. MARTIN. You would first abrogate the Burlingame treaty, then you would fix immigrants on the uncultivated lands. But what would you have Congress do in regard to Chinese immigration?

Mr. O'BRIEN. I would have Congress pass a bill whereby the number of Chinese immigrants would be limited.

Mr. MARTIN. To what extent would you limit Chinese immigration?

Mr. O'BRIEN. I would limit it to ten or twelve or fifteen passengers on each ship.

Mr. MARTIN. What would you do with the Chinese who are already here?

Mr. O'BRIEN. We would not interfere with them, but they would have the opportunity, if they desired it, of returning to their own country.

Views of Mrs. Ralph.

Mrs. RALPH appeared before the committee and asked leave to make a statement.

The CHAIRMAN. What do you wish to say to the committee?

Mrs. RALPH. I have been here since 1861. I am a dressmaker by trade. I have lived most of that time in what is called Chinatown. I have known young girls to be driven away from the work which I could have given them, and I have known them frequently to be obliged to go on the town. Two doors from our house there was a large French boarding school, and that building is now, I believe, occupied by two hundred Chinamen, who are making underclothing of all kinds for Levy Straus.

The CHAIRMAN. Are you still carrying on dressmaking there?

Mrs. RALPH. Yes, sir.

The CHAIRMAN. How many persons have you in your employment?

Mrs. RALPH. I have at present four. I used to have from ten to twelve.

The CHAIRMAN. Why were the females who had been in your employment deprived of work with you?

Mrs. RALPH. We were once able to supply wrappers and plain work, but now that kind of work is done by the Chinese. One Chinaman here offered me $200 to teach him to cut dresses.

The CHAIRMAN. Did you make a bargain with him?

Mrs. RALPH. No, sir; I would not teach him for $500. I didn't wish to have anything to do with him.

The CHAIRMAN. Then, in your judgment, this Chinese competition has driven females out of their honest employment?

Mrs. RALPH. Yes, sir; and thousands. I have thirty-four relatives who want to come here from Canada, but I would not let them come on account of the Chinese.

The CHAIRMAN. What are these young ladies doing now who had to leave their employment with you on account of Chinese labor?

Mrs. RALPH. The last one that left me is living with her brother.

The CHAIRMAN. Do you mean to say that these young ladies are not now able to get work?

Mrs. RALPH. They are not able to get anything to do. Of course they are not able to do the best work; they can only do plain work. We do not get that kind of work to do any more. Another objection is, that my customers refuse to come to Chinatown to be fitted.

The CHAIRMAN. Then the location that you are occupying is an injury to your business?

Mrs. RALPH. Very much, indeed.

The CHAIRMAN. If you were living in any other part of the city would your former customers patronize you?

Mrs. RALPH. Most of my customers would.

The CHAIRMAN. And then you could give employment to other girls?

Mrs. RALPH. I think I could.

The CHAIRMAN. Then there are two ways in which you are injured

by the Chinese: first by their competition, and second by their neighborhood?

Mrs. RALPH. Yes.

Views of Mrs. E. Swift.

Mrs. E. SWIFT came before the committee.

The CHAIRMAN. What is your business?

Mrs. SWIFT. I am in the real-estate business and in stock mining.

The CHAIRMAN. Do ladies here deal in stock mining?

Mrs SWIFT. Occasionally they do.

The CHAIRMAN. What have you to say to the committee?

Mrs. SWIFT. I came here more particularly to state the condition of a good many ladies who would like to be employed in many industries than I did to give my testimony, for I gave my testimony before Senator Morton's committee, which was here two years ago. In regard to the Chinamen manufacturing at present, I would desire to say that they are manufacturing in the outskirts of the city, in garrets, where they can get cheap rents, and they send agents out with cards to ladies who wish to buy shoes or underwear. Six years ago a lady would have to pay $2.50 for making a garment which she can now buy already made (material and all) for $1.50. Our merchants have to pay duties on their goods, and storage and license, but the Chinamen manufacture in garrets so that they can almost furnish the goods for the cost of the material. I would not be able to make the garment for the price for which they offer to sell it to me. The young women of the city now have no employment, because, in the first place, Chinamen can do the work at a rate at which no white woman would earn her broad; and in the second place a white woman would be apt to leave the job, hoping to get better work. If a Chinaman can make six bits a day he is satisfied.

The CHAIRMAN. Is it customary for ladies here to deal in mining stocks?

Mrs. SWIFT. The wives of some of the wealthiest gentlemen here deal in stocks.

The committee adjourned till to-morrow.

SAN FRANCISCO, *August* 19, 1879.

Views of Mr. John A. Collins.

Mr. JOHN A. COLLINS appeared before the committee. He stated, in reply to preliminary questions, that he is a native of the State of Vermont; is an attorney at law, and has been in the State of California about thirty years.

Mr. COWGILL. The object of this investigation is to acquire such information as we can obtain in regard to the cause of the present depression of labor and business throughout the country, and as to the remedy therefor. You may address yourself briefly to this subject.

Mr. COLLINS. I think that the causes of the depression are very much the same in this country as in nearly all civilized countries. The forces of material production are immensely in excess of the capacity of the people to purchase. During the present century there has been gradually going on a revolution in regard to the industrial and distributive

system of the country. When I was a boy farming was comparatively an independent business. Every well-regulated farm was the centre of from five to twenty industries, which are now, by virtue of machinery, made specialties, and which give employment to an army of middle men. At that time, though wages were very low, and there was very little money in circulation, every one could get employment. Wages were from $5 to $10 a month, and from $6 to $7 a month, for the year round; but there was very little distinction between a large farmer and a small one. About all the distinction that existed was, that the one would have a fanning-mill instead of a hand-mill, and a cradle instead of a sickle. A poor man then could go on a farm and compete fairly and equally with the largest farmer. Men could get employment the year round. In winter they would thrash out their grain, shell their corn, break their flax, dress it, and get up their wood for the winter, log it to the mill, and do various kinds of work which employed them the entire year round. Hence there was no one idle. It is an old proverb that "An idle brain is the workshop of the Devil." The change now is thorough and complete. In this State, as in all other States, there is but little permanent employment. Outside of clerks and servants, and of a few substantial men in the various manufactories, there is no employment the year round for any one. Our mines here, with the exception of the quartz mines, are exhausted. They are worked but a portion of the year. Our farmers give employment but two seasons in the year, so that men on farms cannot be employed more than three or four months successively, and the balance of the time they must look to other resources for means to live. They therefore rush to the cities. Laborers are idle. Whiskey shops and gambling places are the only places which furnish amusement for this class. Not that all unemployed men go there; but that is the tendency. By this system we acquire a shiftlessness of character. That is the tendency of it. Many, in their efforts to live, will work on farms or in some other places till they get some money and think that they can go into business. They do go into business and fail, and they fail till in the constant failing they lose their self-confidence and self-respect, and begin to feel that there is no place for them. A distinguished man of Boston, Abbott Lawrence, in a former generation, kept an account for fifty years of the failures of business men in Boston, and he stated that ninety-seven out of every hundred who went into business failed. I think that if we were to make inquiries of those who keep a run of the business men of the country, at present, we should find that hardly 1 per cent. succeed in business. Many are constantly failing, and are forced on from one kind of business to another. There is a pressure going on all the time, through the influence of mechanical inventions which are designed, and will be ultimately brought into use, for the benefit of the whole, but which are really now made to oppress the people. These inventions are so numerous that they have glutted the market with products. I presume it is safe to say that there are very few manufacturers in this city who could not double their products every year, and many of them quadruple and quintuple them, if they had the market. But not having the market they cannot run their machinery to its full power, and cannot give employment to all the men whom they would be glad to employ. The committee is well aware that it costs more to sell goods than it costs to make them. I am paying myself every day two, three, and four times more for things which I consume than the original producer realized for them. This state of things, this immense productive capacity (augmenting all the time), has forced a very large class of the less energetic, and the more in-

dependent (partly from a sense of manhood and partly from a sense of degradation), into idleness, partial employment, want of employment, pauperism, crime, and into becoming tramps. I do not know any one who has the exact figures; but the number of people who are right on the border, or within a few degrees of the border line of absolute want, is estimated all the way from a million and a half to three millions. No one can give them employment if they would. Many of them have acquired such habits that probably they could not be good employés though they had the desire. Our country has been on the eve of bankruptcy again and again. Everybody knows that the war of the rebellion gave to the country a degree of prosperity which it had never attained before, because the government became an employer, became the market, was the market consuming products at the rate of $2,000,000, $3,000,000, $4,000,000 to $5,000,000 a day. There were a million of men in the Army; and their attendants were receiving high wages. This stimulated everything, and the country had never been so prosperous. After the war it took five, six, seven years to supply the waste, to fill up the store-houses, to clothe the shelves, and to place us in the position in which we were before the war. Then came inability to find a market. Machinery was kept running; men were kept in employment; wages were high, and before we were aware of it there was a dearth; there was want; there was no market. Capitalists began to be suspicious. They drew in their money, and in 1873 we had the troubled condition from which we have not recovered. The only mode of recovery was to diminish expenditures; but that, as a matter of course, was a great obstacle to the progress of the producing and distributing classes. Man is the most helpless of all beings. He is more dependent on his fellows than any being that lives; and every new piece of machinery that is invented helps to augment that helplessness, and to make him more and more dependent. In my boyhood a man was comparatively independent. His wants were few and the means of supplying them were almost within himself. But every machine that is introduced makes man more and more helpless. There are eighteen departments in the manufacturing of a pin, and one hundred and three departments in the manufacture of a needle; and the man who works in one of these departments all his life is fit for nothing else. Men are forced into one of these departments and are dependent on that work for their living and for the support of their families; and any shock that suspends the operations of that department throws these men out of employment. They are not competent for any other position, if there was any other open to them; but there is no other open to them. Hence, to the introduction of labor-saving machinery, to the excess of production over the capacity of the people to buy, I attribute the paramount cause of our hard times. There are a hundred subsidiary causes which come in and play a part; but the use of machinery is the great and paramount cause. Not that I would displace machinery. Machinery is man's friend, and when it has an opportunity, like capital, it will wipe sweat from his face, soften his palm, and remove from his shoulders the great burdens that are on him now. Capital is no enemy to labor. I am unable to see any irrepressible conflict between capital and labor, any more than between capital and machinery, capital and skill, capital and enterprise. If there is any conflict, it is in the relation of employer and employed, where their interests are antagonistic, and which has produced what is called cut-throat competition, by which a few are able, by virtue of their superior qualities, by virtue of their greater endurance, by virtue of their combination of capital, skill, and wealth, to overcome the weak and to make

the weak subordinate to their wishes and desires. If there is any conflict at all, it is between employer and employed. The one wants to get the greatest amount of work and the greatest profit from his investment, and the other wants to get the greatest amount of pay for the least amount of work. Man, individually and alone, is very dependent, and under our competitive system, by which the few can absorb and have absorbed the mass of the wealth of the country to themselves, the average man is incompetent, single-handed and alone, either in agriculture or manufactures, to keep up a fair competition with capital, skill, and labor. Nature has established one great principle which dominates the entire universe, so far as I have been able to learn, and that is co-operation. The air which we breathe is co-operative. The food that we eat, the clothes that we wear, every great enterprise that is characterized by great results, has been the product of co-operation; and under the invention of labor-saving machines, all classes, the wise, the moneyed, the capitalist class, have been able to avail themselves of this principle of co-operation to carry out the great results which they have achieved, while the laboring man, the poor man, has been the only being who has been made subservient to their ends. He has been unable to co-operate. The idea is that, as the Government of the United States, like all governments, has encouraged the system of individual aggrandizement, of wealth in land, and in other modes, the material forces of the nation are all pledged to defend the owners in the possession of the large estates which they have acquired. I make no objection to that. For instance, a man owns a thousand lots in this city, and there are 300,000 people who do not own a single lot. There are men in this State who own 800,000 acres of land, and there are 550,000 people in this State who do not own a foot of land. If any one of them should go on any of those lots or unoccupied lands and say, "Here I will build me a home," the moral and material forces of every organization of the government are pledged to defend the owner in the possession of his property, at the expense of the lives of the whole community. I do not complain of that; but I would say that the government having encouraged this state of things, it is now its duty to place the surplus population of the country on lands, to devise ways and means and to mature plans by which that can be carried out successfully.

Mr. MARTIN. How would you bring this about? By Congressional legislation?

Mr. COLLINS. By means of government loans. (I think the chairman knows what I mean.) By means of government loans the people might be located on farming lands. By dividing the country up into districts and appointing a superintendent over each district.

The CHAIRMAN. You mean where the government owns the land?

Mr. COLLINS. No, sir.

The CHAIRMAN. Do you propose to divide up all the land whether owned by the government or individuals?

Mr. COLLINS. Yes, sir. I would not send our population of California to Kamtschatka or any cold northern State while we had land enough in this State to support in luxurious abundance every man, woman, and child in the United States. We shall apply to the legislature at its next session for a bill authorizing us to do that.

The CHAIRMAN. How would you divest owners of land of their titles?

Mr. COLLINS. We shall apply to the legislature next winter asking it to grant to the Federal Government the right of eminent domain in California for co-operative purposes, by which the district superintendents can condemn the land and pay for it.

Mr. MARTIN. Against the consent of the owners?

Mr. COLLINS. By the right of eminent domain.

The CHAIRMAN. Your idea is to take back the title from the owners, and then redistribute the land?

Mr. COLLINS. No, sir. For instance, if a co-operative association requires 40,000 acres of land and makes application to the district superintendent, locating the place where it wishes to go, and demonstrates to his satisfaction (he being under the control of the Federal Government) that it has ability and disposition to perform the labor and to organize a co-operative homestead institution, the superintendent would be authorized to make the assignment, just as land is condemned for railroad purposes and for public buildings. He would appoint a commissioner to ascertain its value and pay for it.

The CHAIRMAN. Whether the owner consented or not?

Mr. COLLINS. Of course.

Mr. COWGILL. That is on the principle that the public has an interest which is paramount to every other interest?

Mr. COLLINS. Yes, sir.

The CHAIRMAN. In my bill I did not propose to take the title from individuals. It applied only to lands of which the government is the owner.

Mr. COLLINS. Our purpose is to get for the Government of the United States the right of eminent domain in this State.

Mr. MARTIN. And you would apply this principle to all the other States?

Mr. COLLINS. Yes, to every State of the Union. And we propose a distinct amendment to the Constitution, granting the right of eminent domain to the General Government for co-operative homestead purposes. We have presented this plan to a large number of capitalists and business men, and they have given it their written indorsement, as being a bridge to span over this chasm; as being the means to preserve the country from another outbreak like the Pittsburgh riots, because every year augments the numbers of the non-producing and non-employed classes.

Mr. MARTIN. Do you own any land yourself?

Mr. COLLINS. Yes, I own a little land. I have been the owner of a good deal of land. I am now speaking on principles of the broadest political economy, principles which should challenge the best view of every philanthropical and well-meaning man in the community. This is a system which enables the Government of the United States to take within its embrace all the distracted and disturbed elements of the country and bring them into harmony with its own purpose, and thus preserve the nation from that conflict which is agitating the public mind to-day and endangering the institutions of the country.

The CHAIRMAN. Would you give the Chinese the benefit of this co-operative homestead system?

Mr. COLLINS. I think that that is covered here in this printed pamphlet (reading): "Every person"——

The CHAIRMAN (interrupting). Every Christian person.

Mr. COLLINS. No, sir. Every citizen of the United States, or who has made his application to become a citizen of the United States.

The CHAIRMAN. You do not pretend that that would take in the Chinese?

Mr. COLLINS. No, sir; except the Government of the United States makes the Chinaman a citizen.

The CHAIRMAN. The Chinaman will not become a citizen.

Mr. COLLINS. Then he cannot become a member of the co-operative system. The object of this system is to place the entire surplus population of the country on land not simply for agriculture, but for the purpose of diversified industries. The Government of the United States, like all the governments of the world, has adopted commerce as the great power increasing national wealth.

The CHAIRMAN. Give us your application of the general principles of your system.

Mr. COLLINS. The whole principle of it is embodied in the gospel command, "Thou shalt love thy neighbor as thyself," and in the doctrine of the Declaration of Independence, that "all men have an inalienable right to life, liberty, and the pursuit of happiness."

The CHAIRMAN. There is also a command to man that he shall not worship graven images.

Mr. COLLINS. I have no objection to that command. As I was saying, the whole principle of political economy and the rights of man are embraced in that doctrine of the Declaration of Independence, that all men have a natural and inalienable right to life, liberty, and the pursuit of happiness. The whole country is talking all the time about that, and the church has been talking for eighteen hundred years about the sermon on the mount; and yet you want me now to condense a new thought into five minutes. The idea is to give homes to the homeless, to place men in a condition by which they can take care of themselves. It is cheaper to qualify man to feed himself than it is to feed him as a pauper. It is more humane to prevent crime than to punish the criminal. We propose, therefore, that the Government of the United States shall take not only the unemployed and the surplus population of white men, but the freedmen of the South and the Indians, and place them on the lands. They only want direction. They want some one to overlook, to devise ways and means, and to direct them, so that they may be able to use their own forces for their own advantage. We propose a co-operative homestead system. It will take, perhaps, six or eight years to get one homestead in perfect operation, although others of them may be in process of establishment all the time. We propose that no man shall be placed on a farm until there is a house for him to live in, food for him to eat, and a specific thing for him to do. The trustees of the association shall know precisely how the man is going to be employed, the house that he is to live in, and the work that he is to do.

Mr. MARTIN. Is the government to supply him with food also?

Mr. COLLINS. No, sir. We propose that when fifty persons, eligible for membership, shall forward to the district superintendent their petition for authority to organize a co-operative homestead association, the district superintendent shall forthwith give the same due consideration, and shall proceed in the work of preparation, the transportation of the families, the organization of the association, and putting the same in working order.

The CHAIRMAN. Do you propose to pay the trustees for their services?

Mr. COLLINS. No, sir. I propose that the government shall loan or assign, for the benefit of every member who holds a share of stock, the sum of $500 for the purpose of locating the members of the association on land, putting up public and private buildings, fencing the land, and for agricultural and other implements, seeds, and for food, until the members are able to carry on the work themselves.

The CHAIRMAN. At what rate of interest do you propose that the money shall be given?

Mr. COLLINS. The plan provides that the government shall issue bonds, probably at 4 per cent.

The CHAIRMAN. You had better say 3 per cent.

Mr. COLLINS. That would be one-fourth better. I am willing that the interest shall be reduced to 2 per cent. or 1 per cent., and I hope that my grandchildren shall see the time when interest shall be reduced to nothing. I propose that the Government of the United States shall appoint a majority of the trustees, and that the association shall appoint the minority; that is, that the government shall appoint one more than one-half the number. As a matter of course, that will keep the whole thing within the reach of the government till the last dollar of the debt is paid. The plan provides that at the end of three years the investments made by the government shall be added up, and that from that time interest shall be paid on the money, and that at the end of five years 4 per cent. a year shall be paid on the investment till finally the whole debt is discharged and the government releases its claim. That would take twenty-five years.

Mr. COWGILL. Your object is to create a sinking fund by a tax on the association, so as to extinguish the principal?

Mr. COLLINS. Yes, sir.

Mr. O'CONNOR. You suggest legislation by Congress creating a co-operative homestead association. That is your view of the remedy?

Mr. COLLINS. Yes, sir.

Mr. O'CONNOR. State to the committee what effect the Chinese immigration has had on labor in California and on the Pacific coast, particularly in San Francisco?

Mr. COLLINS. I think that the influence has been very mixed.

Mr. O'CONNOR. Has it been adverse?

Mr. COLLINS. It has been both adverse and beneficial. It has been beneficial in this sense, that it has enabled us to start certain industries which could not exist here if we had not cheap labor. If the Chinese should be turned out of the country, I think that, for the time being, we would suffer very much.

Mr. O'CONNOR. Would not the vacuum be immediately filled up by other labor?

Mr. COLLINS. The numbers might be filled, but I do not think the American people would condescend to work for the wages that the Chinese work for, and I do not want to see them do it either. I do not want to see American citizens reduced to that. We have higher prices now than are paid in any other part of the world.

Mr. O'CONNOR. But these high prices are not paid to the Chinese?

Mr. COLLINS. I think that the wages paid to the Chinese here are higher than the wages in England, France, or Germany.

Mr. O'CONNOR. Are they as high as are paid for similar labor in the East?

Mr. COLLINS. They are in some instances, but I think that they are not as a general rule. It is not probable, in the nature of the case, that 60,000 or 70,000 adults could be thrown into a State with a voting population of only 140,000 without injury to the people who belong to the country. It must necessarily work injury. It has had that tendency, and must continue to have that tendency. The Chinese get all the pay that they can get for their work; but they will bid a little lower than the white man. I think that there is a good deal of labor that the Chinese perform and that the white man will not perform; for instance, in harvesting operation. There is the work of binding, which the white man does not like to do. The Chinese will bind by nights, and will do that

kind of work which white men do not like to do. It is the same in our mines. Chinese have taken and worked mines which the white men have abandoned, and they have taken a vast amount of money out of them, and have given employment to a large number of distributors of wealth.

The CHAIRMAN. Do you believe that it is compatible with the interests of this city and of this State to have the Chinese element maintaining and occupying the position which it does now?

Mr. COLLINS. I think that any population that cannot assimilate with the people of the country is an undesirable population

The CHAIRMAN. Do you think that the two populations can exist without strife and bloodshed?

Mr. COLLINS. I do not know. I have lived here through one series of proscriptions.

The CHAIRMAN. You have survived the vigilance committee?

Mr. COLLINS. Yes; I have survived that.

The CHAIRMAN. But here is another element of danger. Here are 33,000 Chinese in the center of this city. Can this become a prosperous city and maintain its character and reputation as a Christian community with these people in the midst of it?

Mr. COLLINS. I do not think that 30,000 pagans would add much to the Christian element of the community.

The CHAIRMAN. Is their presence to be tolerated?

Mr. COLLINS. It is a very mixed question.

The CHAIRMAN. Can a Christian community like this city tolerate 30,000 pagans in its midst?

Mr. COLLINS. Our Federal Government is constructed on the principle of toleration.

The CHAIRMAN. But can this city tolerate it?

Mr. COLLINS. If it is the principle of the Federal Government, a city within the jurisdiction of that government ought certainly to conform to that principle.

The CHAIRMAN. You think that it is the duty of the government to maintain peace between Christians and pagans when they stand in the position that they do here?

Mr. COLLINS. The principle of our government is to recognize no religion whatever. The principle of our government is toleration to men of all faiths and all religions.

The CHAIRMAN. Do you call paganism a religion?

Mr. COLLINS. Most decidedly I do.

The CHAIRMAN. I thought that religion involved the idea of a God?

Mr. COLLINS. Do you not recollect what St. Paul said to the Athenians, "Ye men of Athens, I perceive that in all things ye are too superstitious." I think the Chinese a very religious people. I see them going to their cemeteries, bringing out meats and drinks to help the poor devils to get through purgatory.

The CHAIRMAN. Do they get them safely through?

Mr. COLLINS. That is a case of *quien sabe*. I do not know.

Mr. DICKEY. Should the Federal Government allow the law permitting immigration of Chinese to exist, or should the law be changed?

Mr. COLLINS. It seems desirable that the Chinese immigration should be discouraged by all honorable means.

Mr. O'CONNOR. And by constitutional legislation.

Mr. COLLINS. By all honorable means, constitutional or otherwise. Still I cannot see how we can well dispense with the Chinese, because cheap labor is a great desideratum. A market is what the civilized

world wants, and we cannot have a market unless we can undersell somebody else.

The CHAIRMAN. Do you approve of the motto on our coin, "In God we trust?"

Mr. COLLINS. Certainly I do. The government has seen fit to put it there, and the coin is as well with it as without it.

Mr. CHAIRMAN. Do you suppose that these Chinese have any idea at all of a God?

Mr. COLLINS. I think that if the chairman of this committee would sift the sentiment of the American people he would find more atheism among them than among the Chinese.

The CHAIRMAN. Do you think that the Chinese have any idea of the God mentioned on our coins?

Mr. COLLINS. They cannot read the motto. If it was in Chinese they could read it.

The CHAIRMAN. Do you suppose they have any notions of a God?

Mr. COLLINS. I am sure they have.

The CHAIRMAN. Is their god like an alligator, the figure of which they have here in their temple, with four feet, eyes bigger than your fist, a red mouth and red tongue?

Mr. COLLINS. If I was to go into a discussion of their religion, it would take so long that the committee would call me to order; but I think that I could give you a *rationale* of the matter very easily, consistently with the idea that the Chinese believe in a God.

The CHAIRMAN. Do they believe in our God?

Mr. COLLINS. They believe in the Great Supreme Being who controls the universe.

The CHAIRMAN. So they believe that the Supreme Being is concentrated in an alligator.

Mr. COLLINS. Every nation has its peculiarities and has its reasons for them. If I should enter into an analysis of the psychological forces that have contributed to those peculiarities, I am inclined to think that you would be impatient, and say that you could not afford the time.

The CHAIRMAN. You know that when St. Paul went to Athens he saw a church erected "To the unknown God," and said, "Whom therefore ye ignorantly worship, him declare I unto you."

Mr. COLLINS. Precisely so.

The CHAIRMAN. Suppose St. Paul had found an alligator there, woul he have made that remark?

Mr. COLLINS. Most decidedly he might have.

Views of John Richard Freud.

JOHN RICHARD FREUD appeared before the committee. He stated, in reply to preliminary questions: I am a native of the State of New York. I am twenty-two years of age. I am a merchant, engaged in the manufacture and importation and sale of ladies' and children's wear—principally corsets, underwear, cloaks, &c. Our establishment is one of the largest of its kind in the city. It is the firm of W. Freud & Sons, consisting of my father, brother, and myself. I have resided in this city about seventeen years.

The CHAIRMAN. State the effect of Chinese labor on your business.

Mr. FREUD. There is no need of speaking of the moral and social effects of the Chinese problem; as to the economical effects of it, they will stand a good deal of argument, and they need a good deal more investigation and thought. You have been made aware, no doubt, of the

drain that these Chinese make on the resources of the State. Admitting that there are 150,000 Chinese on the Pacific coast, and admitting that each earns a dollar a day (which is not an exaggeration), and admitting that one-third of that amount is turned back to the industries of the State (by way of China), you have still going out of this State to China $100,000 a day; $3,000,000 a month; $40,000,000 a year. This estimate accords with the testimony heretofore adduced before this committee on that point. I have calculated the amount of money thus sponged up from the life-blood of the State through the horde of Chinese. I have taken the figures submitted to the Senatorial committee of 1876 as to the number of Chinese that have come here during the last thirty years, since 1849. I have taken the small figure of $1 a day as their average earnings, and I find that the net amount of money paid to these Chinese during the last thirty years reaches the incalculable sum of $600,000,000. Now, admitting that one-third of that amount is expended in this State (which is a great exaggeration), you have still $400,000,000 (one-fifth of the total debt of the United States) forever sucked out of the country and deposited in the stagnant coffers of the Chinese empire.

The assessed value of real estate in this State exceeds $600,000,000. The Chinese, although constituting one-fifth of the population, do not own $1,500,000 of that amount, and they therefore pay less than a four-hundredth part of the revenue required to support the government of the State. They do not actually pay sufficient tax to support their Chinese criminals in the State-prison; because, out of 550 in the State-prison, over 200 are Chinese. The actual cost of supporting these 200 Chinese convicts exceeds by $12,000 per annum the entire amount of revenue collected by the State from all the Chinese in California. Every non-investing, non-consuming Mongolian in California shuts out at least one Caucasian family of five persons; and so the presence of 100,000 Chinese in California shuts out one-half million of white persons. Then, bear in mind that whereas every Caucasian immigrant not only spends his earnings in the city, but brings a little fortune (averaging $100) in his pocket, the Mongolian not only ships his earnings out of the State, but comes here a stark-naked pauper. So you can see how this Chinese immigration has dwarfed and impaired the prosperity of the State. I see that in the Eastern States trade is reviving, whereas in this State we are going backwards. There is the cause of the hard times in California. Five years ago our firm manufactured and imported ladies' and children's underwear to a large extent. We were one of the largest firms in this business in the State, I believe. We paid out at that time from $500 a month up sometimes to as high as $1,000 to white girls for the manufacture of ladies' and children's underwear. To-day the Chinese have encroached on that trade. They have taken the business out of the hands of the white people, until to-day we not alone cannot manufacture and compete with the Chinese, but we cannot actually import from the Eastern market and compete with them. So that Chinese immigration not only affects the people of this coast, but it affects the industries of the Eastern States; and there can be no doubt that the stagnation in the Eastern States is, in a very great measure, due to the presence of Chinese on the Pacific coast. These Chinese manufacture boots and shoes and ladies' and children's underwear in large quantities, and they throw the products on the California markets. They go from house to house and peddle their goods until all the white girls and young men who have been in the business have been driven out of it; and you can surmise what has become of them. The young

women are driven to prostitution, and the young men are driven to crime. Many young men with whom, at one time, I played and associated are to-day criminals.

Mr. MARTIN. What is your remedy?

Mr. FREUD. I do not think that the Burlingame treaty ought to have anything to do with the action of Congress on the subject. Personally, I uphold the sovereignty of the State of California, and its full power to deal with that question. In the last constitutional convention I introduced several sections to that effect. I believe that the State of California has the power, and, if Congress does not offer us a remedy, we will exercise that power in order to get rid of the Chinese. Every State in the Union ought to have power to perpetuate its own existence. I think that the Supreme Court of the United States, in every instance, has upheld the right of each State to protect itself against any and all attacks on its welfare, and even Judge Field has stated in his last queue decision that the State of California has the right to protect itself against any element that endangers its safety.

Mr. MARTIN. Would you have Congress pass any law on the subject?

Mr. FREUD. I would, for the reason that I am fearful that if the State of California takes action on this question, its action may lead to a conflict with the national government. But if Congress does not take action, then I think I shall live to see the day when the State of California will do so.

The CHAIRMAN. You look upon the evil as the citizens of this city did when they took into their hands the power of a vigilance committee as an element of self-defense.

Mr. FREUD. That is it. It is a matter of self-preservation. I do not think that the Supreme Court of the United States, in an emergency of this kind, would overrule the action of California in the premises.

The CHAIRMAN. You would resort to State action only as an extreme measure?

Mr. FREUD. Yes.

Views of Rev. Otis Gibson.

Rev. OTIS GIBSON came before the committee. He stated, in reply to preliminary questions: I have resided in this city since 1868. I am a clergyman—a missionary to the Chinese in this State. I am a member of the Methodist Episcopal Church and conference. I was ten years a missionary in China, and was then transferred here, and have been here since 1868. Since 1855 (with the exception of an interregnum of three years) my work has been among the Chinese.

Mr. COWGILL. Do you think that there is a depression of business and labor in this State? If so, state what effect the presence of Chinese has had in the way of producing that depression.

Mr. GIBSON. Up to the present, as a general proposition, I think that the presence of the Chinese in this city and State has only stimulated and benefited the industries of California. There is no doubt of it. As has been already said here, there are many industries, employing large numbers of people, which could not have been carried on here without the presence of the Chinese; and even in the industries where the Chinese do compete and do possibly make some friction with the whites, even there they do not yet compete with the Eastern manufacturers. Last year, in the month of September alone, in the matter of boots and shoes, in which the Chinese compete with white labor, the freight-bill for boots and shoes introduced from the East and sold here was $10,000.

That will indicate to you that the Chinese labor has not yet got down to compete with the Eastern manufacturers. The Chinese who are working on farms all through the country, so far as I can learn, get from $18 to $25 a month—$30, finding themselves. Chinese servants working in families (according to their age and ability to work) command $8, $10, $20, $25 a month. American girls can find house-work, if they will do it, and get $20 to $25, and found. I had occasion in Oakland two weeks ago to hire a man to paint. He was a man reduced to poverty and starvation, as I was told by the carpenters who recommended him to me, and he had a wife and children. I asked the carpenters how much he would charge a day, and they said $2.50. I told them to bring him on. They went to get him, and he asked what the work was. He was told that the building on which he was to be employed was to be used as a Chinese school, and he would not take the job on that account. If this is a question of hard times, then, so far as the products of the country are concerned, there are no hard times in California. The fields are loaded with grain; the orchards with fruit. The climate is good. There is no pestilence; no epidemic, except whisky, and that prevails largely. The whisky-sellers of this city to-day ruin ten men where the competition of the Chinese ruins one. It is not the Chinese who do the evil; it is laziness and liquor, and unwillingness to work for low wages. The change from the high prices of things when the currency was all inflated down to the present gold value is very great. The man who was a few years ago worth $3,000 in currency finds himself now worth $1,000. Men who got $5 a day when the currency was inflated get only $2 and $1.50 a day now, and if men would only work for the wages that I worked for on a farm when a boy, they could get work anywhere in the State. The reason that they cannot get the work is because they will not go on farms. When my father went on a farm his children did not expect him to support them in laziness and to keep them in beer, tobacco, and whisky. Everybody had to work; my mother worked, and my sisters worked, and we got a living, and did not ask any odds from anybody. We were not afraid of Chinese or any other competition. If this committee will call before it men who are employing Chinese all over the State, and if the committee will compare the prices of labor paid to the Chinese with the prices paid in the Eastern States, it will find that the 50,000 Chinese in this State to-day (unskilled laborers) receive more wages than the same class of laborers in the Eastern States. If we are to keep up the high prices of labor in this State, we can never compete with the East, and we never can have successful industries in the State. We must have cheap labor if we are to compete with the East and with the immigrants from Europe, who work for much less wages than the immigrants from Asia.

Mr. DICKEY. A number of gentlemen have testified before the committee to the effect that the Chinaman always puts his price for working a little below what the white man asks. Were all these men mistaken in their statement?

Mr. GIBSON. I do not know about individual cases. Chinese are ready for competition the same as other men.

Mr. DICKEY. Is it true or not true that the Chinaman will always put the price of his work a little lower than the white man will ask?

Mr. GIBSON. I do not think it is true. It may be that they do it in some instances, especially in the case of house-servants, but I know of many instances where Chinese boys would not hire as servants because they could not get the wages that they demanded.

Mr. DICKEY. Can you tell us whether the Chinese who are imported here are under contract to work for a specified time?

Mr. GIBSON. I know of no such system in the importation of Chinese except in the case of women.

Mr. DICKEY. Do you know of the six Chinese companies?

Mr. GIBSON. There are six different companies, or perhaps seven, that are commonly known as the "six Chinese companies." I know something about them.

Mr. DICKEY. What is their business?

Mr. GIBSON. These companies are a kind of Chinese beneficial, and mutual aid society.

Mr. DICKEY. State the manner of their business, and what their business is.

Mr. GIBSON. It is the custom among the Chinese, when they go from their own place to another city (even in China) to transact business, that the persons who come from the one district gather themselves together and form an association for mutual advice, mutual information, and mutual aid, in case of necessity. Any person coming from that district who gets embarrassed would bring his case before the council or company (they call it company), and would receive help according to the circumstances of the case. Each of these companies here elects one man who is called the president of the company, and another is elected as interpreter, because, many times, the president cannot speak a word of English. They find this system more important here than they do in their own country. You see at once that they would evidently be surrounded by difficult circumstances. That is the primary object of these companies. That there is speculation and dishonesty occasionally in the operations of these companies, I presume is the case as it is with other associations.

Mr. DICKEY. Is it true that the Chinese who come here are under contract to these companies to pay for their transportation, &c.

Mr. GIBSON. No, sir. It has been testified sufficiently to satisfy anybody that the six companies, as such, have never transported Chinese to this country. It is a travesty on what ought to be known all over the land for any one to suppose that the Chinese six companies have imported men as such. I have no interest in defending the Chinese six companies. I have no interest in them only for the sake of the truth. In fact, I do not myself believe in the six companies; I do not believe that, on the whole, they are a good thing for the Chinaman, but, at the same time, I understand that their intentions and habits are for mutual assistance and protection. They are a something between an insurance society and the order of Odd Fellows.

Mr. DICKEY. Do you know whether or not the six Chinese companies here have agents whose duty it is to go out among employers of Chinamen here and to collect the money of the Chinaman?

Mr. GIBSON. No, sir; I do not know anything of the kind, and I do not believe in anything of the kind. There may be some women brought here against their will (and that is a very bad system), but, so far as men are concerned, I do not believe that a man of them comes to America except by his own free choice, unless it be some boys who are sent by their fathers.

Mr. DICKEY. But does not the Chinaman enter into some contract or agreement with the owner or agent of the ship that he will labor here a certain specified time for certain wages, for the purpose of paying his transportation?

Mr. GIBSON. I do not think that any contract of that kind exists. I

think that these Chinamen borrow money at home from their fathers, their uncles, their brothers, their cousins, and all of their family name. They are the most wonderful people in the world for borrowing from their relations. A member of the Chay family may be a fourth or fifth cousin of another member of that family; but, in common talk, he is a brother, because he is a Chay; and the poor Chay will go to the rich Chay, and will tell him that he wants to go to California, and that he wants to have his passage paid. The rich Chay agrees to advance the poor Chay so much money; and the poor Chay comes here and works, and pays it as soon as he can. There can be no objection to that, so far as I can understand, as it is a mere matter of borrowing money and repaying it.

Mr. DICKEY. Then all these stories about Chinamen being imported here, and about their being under contract to work and to pay money to these six companies, are, you say, untrue?

Mr. GIBSON. I do not believe that they are true, and I believe that a great many of the newspapers that publish these statements do so knowing that they are publishing what is not true.

Mr. DICKEY. Do the Chinese people in California have any separate organization among themselves for their own individual government, independent of the laws of the State?

Mr. GIBSON. No, sir; not that I know of.

Mr. DICKEY. Have they any secret organization among themselves?

Mr. GIBSON. I presume that they have secret societies like the Masonic society. I do not know what they are.

Mr. DICKEY. Do you know whether they have secret organizations?

Mr. GIBSON. I say that I think they have.

Mr. DICKEY. Do you know the object and character of any of them?

Mr. GIBSON. There are one or two associations of men, called "Life-protecting societies," which means that they protect the Chinese owners of prostitutes. If the woman runs away they will bring her back for a certain amount of money, or they will do some violence to her. There is a class of bad Chinamen here who have joined themselves together in this way, forming societies to protect gambling and prostitution, but that has nothing to do with the six companies.

Mr. DICKEY. Do the Chinese women who are imported here come through some of the six companies?

Mr. GIBSON. No, sir.

Mr. DICKEY. The men who are engaged in that business buy these women in China?

Mr. GIBSON. Yes.

Mr. DICKEY. Do they not come here through one of the six companies?

Mr. GIBSON. No, sir.

Mr. DICKEY. You think the six companies do not import them?

Mr. GIBSON. I think they never have done so. It is not within the province of the six companies to do anything of the kind. It is out of their line. I do not know but that there may be men who import Chinese women here. Nearly all the names of the Chinamen here are on the books of these companies. I have no evasion to make, and no case to make for the Chinamen or against them.

Mr. DICKEY. You say that the names of all the Chinamen can be found on the books of the six companies?

Mr. GIBSON. Most of them are there.

Mr. DICKEY. What is the object of having the names on the books of the companies?

Mr. GIBSON. As I told you before, all the Chinamen coming from a certain place congregate together for mutual protection. For instance, a Chinaman named Yung Wung comes to San Francisco. He comes from the place in China where all the Yung Wung people who are here come from; and they have a society here, a company, and he goes there and registers his name. Or, if he does not, one of the interpreters meets him on the steamer and finds out from what part of China he is, and tells him to which company he belongs; and so they adjust themselves in that way. That is done through these six companies.

Mr. DICKEY. Have the Chinamen any arrangement by which their remains, after death, are sent back to China?

Mr. GIBSON. The Chinaman is very much like other people in that matter, perhaps a little more so. They are very fond of having their dead buried in their own land. They have a superstition that some places are better than others. They think their own land better than any other land, and some parts of their own land better than other parts, and fathers and mothers want their sons' bodies carried home to be buried at home.

Mr. DICKEY. Are the bodies of all the Chinamen who die here sent back?

Mr. GIBSON. No, sir. We in California find their bones very useful. Although we are not willing to have the living Chinamen here, we are very anxious to keep the dead ones.

Mr. DICKEY. Please explain what you mean by wanting to keep dead Chinamen here.

Mr. GIBSON. We have legislation here under which a Chinaman cannot take up his dead and send him home without a large expense. He must get a certain kind of coffin. He must pay certain taxes. He must wait some months or years after the dead are buried, and every kind of objection and trouble is put in his way, until the Chinamen have become quite civilized in regard to the matter, and think they had better keep their dead here. This law was made for the express purpose that Chinamen should not be permitted to carry home their dead.

Mr. O'CONNOR. There is no absolute prohibition?

Mr. GIBSON. No, sir; only the burden of expense is made so heavy that it is almost impossible, and it is seldom done now.

Mr. O'CONNOR. Is not that a sanitary law that you refer to?

Mr. GIBSON. I suppose it is. It may be that our law-makers thought that the dead Chinaman is healthy, and the living Chinaman unhealthy.

Mr. O'CONNOR. Do you think that the disinterment of dead people is promotive of good health?

Mr. GIBSON. I never was an undertaker.

Mr. O'CONNOR. But you undertake to say that a Chinaman dead is very healthy?

Mr. GIBSON. I said that in a sort of ironical way—that our legislators had imposed a very heavy burden on the taking away of a dead Chinaman, while they wanted to drive the living Chinamen away.

The CHAIRMAN. How long were you a missionary in China?

Mr. GIBSON. Ten years.

The CHAIRMAN. What success did you have in reforming the Chinese?

Mr. GIBSON. I had fair success.

The CHAIRMAN. How many converts did you make?

Mr. GIBSON. I do not know how many I was instrumental in making. The mission to which I belonged was started in 1849. I went there in 1855. For the first ten years of its history we had no convert; not one

That mission to-day numbers over 2,000 individual Christians in that one locality. It has some 84 Chinese preachers. Thirty of them are ordained. It has some 60 chapels, and the mission work extends from Foo Chow to Amoy, where it is connected with the mission of the Reformed Church of Amoy; so that now a man can start from Foo Chow and travel all the way to Amoy surrounded by Chinese Christians.

The CHAIRMAN. What wages do Chinamen get at home in the ordinary employments of life?

Mr. GIBSON. When I lived there we paid carpenters 40 cents a day—400 cash. We paid common laborers 150 cash to 200 cash a day, which would be from 15 cents to 20 cents a day. Chair-bearers are hired by the month, at $3.50 to $4 a month. I am giving you the Chinese prices. Among American merchants chair-bearers would get about $8 or $10 a month.

The CHAIRMAN. Are you familiar with the condition of the Chinese people here?

Mr. GIBSON. I know something of it.

The CHAIRMAN. Are you a property holder in the Chinese part of the city?

Mr. GIBSON. No, sir.

The CHAIRMAN. Do you receive no rents from the Chinese?

Mr. GIBSON. Yes, I have a lease of a building in which Chinamen live.

The CHAIRMAN. What rents do you receive from that building?

Mr. GIBSON. We have a lease of a building for which we pay $450 a month, and keep up our own repairs, and furnish our own water and gas, and we receive from the Chinese tenants about $500 or $520 a month, leaving us from $10 or $15 to $50 a month.

The CHAIRMAN. To what class of people do you rent that building?

Mr. GIBSON. To Chinese.

The CHAIRMAN. Men or women?

Mr. GIBSON. Men. Some of them have their families with them.

The CHAIRMAN. Is it a common thing for a Chinaman to have a wife?

Mr. GIBSON. It is not a common thing; but this thing has taken place among Chinamen within the last five or six years. A Chinaman finds himself in this country. He gets one of these women, buys her, pays her or induces her to run away with him, and he takes her and lives with her as his wife and raises a family.

The CHAIRMAN. Is plurality of wives common among the Chinese?

Mr. GIBSON. It is lawful in China, but it is not very common.

The CHAIRMAN. Is it common here?

Mr. GIBSON. I understand that the laws in California do not allow it.

The CHAIRMAN. Is it the practice of Chinamen here?

Mr. GIBSON. I do not know that it is very largely the practice, but I think it is a fact that some of the Chinamen here do keep two or three wives. I think, however, that it is only the rich Chinamen who do this, because it is quite expensive, and common Chinamen cannot afford it. There are very few Chinawomen here as compared with the men. The cases are increasing rapidly where Chinamen take these women and live with them as their wives; and some of the men in the building which I lease, have brought their wives and children. Children have been born there, and are now big enough to go to school.

The CHAIRMMAN. What proportion of women in the Chinese quarter of this city are open, notorious prostitutes?

Mr. GIBSON. The larger part of them; I do not know the exact number. They are brought here for that purpose.

The CHAIRMAN. You say that you are a missionary to the Chinese here to day?

Mr. GIBSON. Yes, sir.

The CHAIRMAN. Where are your headquarters?

Mr. GIBSON. 916 Washington street.

The CHAIRMAN. Is that in the Chinese quarter?

Mr. GIBSON. No, sir; it is just outside of the Chinese quarter.

The CHAIRMAN. What is your system?

Mr. GIBSON. An educational system—to educate them in the English language, so far as I can.

The CHAIRMAN. Have you children attending your school now?

Mr. GIBSON. Yes; children and men. Men who work all day have come to the school at night, and have made good progress.

The CHAIRMAN. Do they embrace the Christian religion?

Mr. GIBSON. Some of them do.

The CHAIRMAN. Do they hold on to it?

Mr. GIBSON. Many of them—nearly all. I have had very little trouble from backsliders. I have had two or three instances of the kind. I have baptised 114 in my mission, six of whom were Japanese, and I can say, with all due deference to the fidelity of our own people, that the Christian Chinese show as true marks of being Christians as are shown by any people.

Mr. DICKEY. How many Chinamen are there in this city who profess the Christian religion?

Mr. GIBSON. I should say that there might be 400 in the absolute communion of the church in this city. There are more than that in the State although the majority of Chinese Christians are in this city, Oakland, and San José.

The CHAIRMAN. We are informed that the burial of a Chinese infant is unknown, and that it is not known what disposition is made of Chinese children who die here?

Mr. GIBSON. I never knew one of them that was not buried.

The CHAIRMAN. Have you attended any funerals of Chinese children?

Mr. GIBSON. I have seen Chinese children buried. There was one buried from my mission.

The CHAIRMAN. How many burials of Chinese children have you probably attended?

Mr. GIBSON. I have never attended more than one.

Mr. DICKEY. Was that a child of persons converted to the Christian faith?

Mr. GIBSON. No; it was the child of a woman who ran away; and then the child died. But I have seen Chinese bury their children.

Mr. DICKEY. The charge is that the Chinese children disappear, and that it is not known what becomes of them. If you are a missionary among them you have a good opportunity of knowing. How many infants' burials have you known of during the ten years that you have been on this mission?

Mr. GIBSON. I cannot recollect. I should say that I have seen four or five. I have not attended their burials, but I have seen the funerals of children going out to the cemetery. I think a great many of these things are said for effect. The Chinese have many things which are objectionable—very many—but it would be as well to confine ourselves to facts as to go after myths.

The CHAIRMAN. Do you entertain the idea that the Chinese people on the Pacific slope can be Christianized and made to assimilate with our people and institutions?

Mr. GIBSON. If you ask me whether I believe in the Christian religion you will get it all. I say I do. If I did not believe it I would have no faith in the Christian religion.

The CHAIRMAN. You have been ten years in converting 400 Chinese?

Mr. GIBSON. I should think that that was a very large work.

The CHAIRMAN. Is it compatible for the institutions of China and paganism to work in harmony with the institutions of the United States and Christianity?

Mr. GIBSON. I have never known Chinamen, in any shape or form, to have any opposition to the institutions of the United States. The Chinese Government itself is more friendly with the Government of the United States than with any other government in the world. The habits of thought of the Chinese are more in harmony with republican institutions than with any other.

The CHAIRMAN. Then why is it that when Chinamen emigrate to this country they do not bring their wives and their property with them?

Mr. GIBSON. In the first place, the Chinese are not a people who take their wives everywhere. It is not their custom to do so, as it is ours. Their national custom is different. In the second place, the reasons why they do not bring their families here are quite obvious. The Chinese who come here are not in safety and peace themselves, and of course they could not induce their families to come here. I had a young man in my school who is about thirty-five or thirty-six years of age. He had a good situation. He was making fair wages. He was an industrious, economical, quiet man. He had a wife in China, and he wanted to bring her here, and to stay here, but his mother would not allow his wife to come here, and the wife would not come. She said, "if we go there we will be killed." On the one hand we are asked why the Chinese do not bring their wives with them here, and on the other hand they are told that they will be killed if they come.

The CHAIRMAN. Then you believe it a problem of easy solution that the Chinese character can be made to harmonize and to unite with the American character, including its politics and religion?

Mr. GIBSON. I think it is a problem that can be solved.

The CHAIRMAN. By what process?

Mr. GIBSON. By the same process which takes place with all other peoples. I believe that the Christian religion itself is the first and greatest cure for all these evils, and that our institutions, properly carried out (which I am sorry to say is not always done in this country and city, and especially in the Chinese quarter), will have their influence on the Chinese. If the efforts of this municipality had been to correct the evils in Chinatown honestly and fairly, without looking to plunder, we should have got on much better.

The CHAIRMAN. You think that there is a desire on the part of the people here to deprive Chinamen of their property?

Mr. GIBSON. Not on the part of the American people in general. There are in individual cases. There is a very large class of the people here who, in the present state of excitment and race-prejudice, think it perfectly lawful to get anything from the Chinaman. They will steal from you if they have a chance; but you are better protected than the Chinamen.

The CHAIRMAN. Is the Chinese standard of character higher than the American standard?

Mr. GIBSON. No, sir; because Christian civilization is the highest in the world.

The CHAIRMAN. Leaving the Christian civilization out, would you put the American and Chinaman on the same level?

Mr. GIBSON. If you take away the Christianity out of our civilization, and take out the undoubted effect of Christianity on our civilization, I do believe that the Chinese civilization would be quite equal to ours. The books and teachings of Confucius, their great philosopher, whom they all profess to follow, are known and read by all men as the purest morality of any heathen nation. These writings dwell largely on the necessity of filial piety. Under the teachings of Confucius it is a crime in a young man to be unfilial towards his parents.

The CHAIRMAN. Are the Chinese immigrants to this country impressed with these ideas derived from the teachings of Confucius?

Mr. GIBSON. All Chinamen have these ideas. Some of them hold them lightly. Here, in the warfare of races in this country, and in the excitement of getting money, the Chinamen, like all other people, have become demoralized. The Chinese are not, however, the only people in this country who have turned away from God.

The CHAIRMAN. Have you found in your travels, in this or any other country, so large a number of prostitutes, in proportion to population, as you find in the Chinese quarters in this city?

Mr. GIBSON. Within four blocks of Chinatown there are as many white prostitutes as there are Chinese prostitutes in all Chinatown. That is my answer.

The CHAIRMAN. How many Chinese prostitutes do you estimate that there are in Chinatown?

Mr. GIBSON. I should judge that the number might be in the neighborhood of 2,000, more or less.

The CHAIRMAN. Are those all the Chinese women in the city?

Mr. GIBSON. No. I think there are 400 or 500 more Chinese women in the city.

The CHAIRMAN. Do I understand you to say that adjacent to Chinatown, in the city of San Francisco, there is any such number of white women who are prostitutes?

Mr. GIBSON. Certainly; known and read of all men. Any witness whom you may call to the stand will tell you the same thing. Large numbers of these women are imported from Europe.

The CHAIRMAN. From what countries?

Mr. GIBSON. Some from France, some from Germany.

The CHAIRMAN. What proportion of them, in your judgment, is of American birth?

Mr. GIBSON. A very small proportion; I should think less than half. But that is only an opinion; only giving an approximation. I have no data on the subject. I have been through these places with a policeman.

The CHAIRMAN. Are the white prostitutes in the vicinity of Chinatown supported and maintained by Chinamen or by white men?

Mr. GIBSON. I think mostly by white men. I have been told that some of their places have back doors which open into Chinatown; and that when they do not get enough custom from white poeple to make their business pay, they open the back doors and let in Chinamen.

The CHAIRMAN. You state an alarming fact about the morality of your city when you say there are 2,000 white prostitutes in the neighborhood of Chinatown; but you save American credit in the matter by saying that not half of these women are American-born.

Mr. GIBSON. I think less than half.

The CHAIRMAN. Do the Chinese have a hand in the importation of these white women from Europe?

Mr. GIBSON. I do not think so. I think that that is done by the Christian people you were speaking of a while ago. These are Christian prostitutes, I suppose.

The CHAIRMAN. Do you have any indications in your own mind of elevating the general character of the Chinese in this country through Christian cizilization?

Mr. GIBSON. Yes, sir; I believe that the Christian mission-work among the Chinese people in this city and in the surrounding towns, is quite as fruitful in results as the Christian work of our general churches among the white people.

The CHAIRMAN. You think that you make as much headway among the Chinese as other clergymen do among white men?

Mr. GIBSON. That is precisely what I mean.

The CHAIRMAN. Then you assume as a matter of fact, that the Chinese are just as susceptible of Christian culture in the way of morality, as the white people are?

Mr. GIBSON. I do not know of any reason why they are not. The Chinese are very set in their customs, and they strongly adhere to their belief. But the Chinese are a sensible people. They are a reasoning people. They are a very material people. That is the greatest trouble that the missionaries find among them.

The CHAIRMAN. Do you think the Chinese element a good stock to graft upon in this country?

Mr. GIBSON. If I could have my own personal preference I would prefer American-born people very much. I do not like any people born elsewhere so much.

The CHAIRMAN. What idea would you have of a cross between Americans and Chinese?

Mr. GIBSON. It would not be the worst cross that we are obliged to have.

The CHAIRMAN. Can you conceive of a worse one?

Mr. GIBSON. Yes.

The CHAIRMAN. Let us know what it is.

Mr. GIBSON. I think that a cross between the American and Mexican Indian is worse, and I think that a cross with the colored people is a little further removed.

Mr. DICKEY. You say that the common price of labor in China is about 20 cents a day?

Mr. GIBSON. It was from 15 cents to 20 cents a day when I left China.

Mr. DICKEY. Was that about the cost of living? Did the laborers live on that?

Mr. GIBSON. Yes, one man can live on that in China. He cannot save much money on that, but he can live in that way which they call comfortable. They are a very economical people. All that they want is plenty of rice to eat. They are healthy and strong. To all physical appearance they are as healthy and strong as you will find men in most parts of Europe, Germany, England, and elsewhere.

Mr. DICKEY. Then the price of labor inChina is graduated to the price of living?

Mr. GIBSON. I suppose so. That is a matter of political economy everywhere.

Mr. DICKEY. Is it not true, with the Chinese labor in San Francisco, that the wages are graduated to the cost of living whenever the Chinaman competes with the white man?

Mr. GIBSON. If you come to a test case between Chinese and Americans, I think that the Chinaman, in point of economy, will beat the

Americans; but if you will take 100 Chinamen in this city working at $16, $20, $30 a month, and if you take 100 white people working for the same wages, you will find that the Chinamen will pay as much for his absolute food as the 100 white men will pay. All this stuff about Chinamen living on 3 or 4 cents a day, and on rats and such things, is an error. To my certain knowledge there is no truth in it. The average Chinaman pays as much for his actual food as the average American who does the same kind of labor.

Mr. DICKEY. Does the Chinaman indulge in beer and wine as the white man does?

Mr. GIBSON. Not to that extent. But with the Chinaman the counterpart to the whisky-drinking is opium. Opium is the curse of China and the curse of the Chinese people; but opium does not make Chinamen as wild as whisky makes white men. You do not see opium-drunkards on the streets. The use of opium is bad. It is ruinous to the health and property of the consumer, but it does not ruin anybody else.

Mr. DICKEY. Do you observe, in your intercourse with the Chinese who become Christians, that they have any other motive in being converted than a desire to become Christians? Do they have an idea that they can make money out of it? Are they an avaricious people, so that they will do anything for money?

Mr. GIBSON. It is the sin of Chinamen that they want money. American people, I suppose, do not want money, but Chinamen do. Still I do not think that the Chinamen become Christians from any avaricious motive. It is not to their advantage to become Christians. They lose by it among their own friends.

Mr. DICKEY. Why do yo slur the white people in this city by saying that they do not love money?

Mr. GIBSON. I do not intend it as a slur, but merely as a piece of irony. It is commonly brought up as an accusation against the Chinese that they love money.

Mr. DICKEY. Still, you have not answered my question, which was whether you observed that the motive of Chinamen in becoming Christians was to make money.

Mr. GIBSON. I answered the question by saying that I do not believe that Chinamen had any avaricious motive in becoming Christians.

Mr. DICKEY. Would you have any action taken by the Government of the United States to prohibit future immigration from China to this country; or would you throw the gates wide open and allow Chinamen to come in *ad libitum*?

Mr. GIBSON. My mind is in a little doubt about the matter. I want the whole question of immigration to take the same form. In the first place, the policy of the country has been to open the doors to all. If we can stand that policy, let us go on with it; but I do not believe we can. Therefore, I am in favor of a limitation of immigration from all foreign countries; not from China alone. Our country is being filed up with the worst classes of Europe. If we only had good immigrants from Europe, we could take them all, and the national stomach could digest them. But we are getting from Europe the worst classes, which those countries send here in order to get rid of them. They are more of a curse to this land than the Chinese are. The danger that threatens the country to-day is not from Asia, but Europe.

Mr. DICKEY. Do the best classes of Chinamen come here as immigrants; or, as a rule, do only the laboring classes come here?

Mr. GIBSON. The rule is that the laboring classes come here.

Mr. DICKEY. Do you not think, as a rule, that the lower classes of

China people are more degenerate than the lower classes of the European nations?

Mr. GIBSON. Perhaps you did not understand me as to classes. I mean the class of people that come here from Europe to open beer saloons, and to sell liquor, and generally to turn everthing wrong side up. The people of that class are against the government from beginning to end. That is exactly what I mean. I mean no slur on anybody; but I mean to tell what is true, let it hit whom it may.

Mr. DICKEY. Are you a lessee of property on Jackson street?

Mr. GIBSON. I have already stated that I leased property on Jackson street.

Mr. DICKEY. Do you know whether that property was examined at any time by the board of health of this city?

Mr. GIBSON. Yes.

Mr. DICKEY. And that it was condemned.

Mr. GIBSON. Not the whole building, but the lower floor.

Mr. DICKEY. What was the objection to it?

Mr. GIBSON. They stated that it was not fit for habitation.

Mr. DICKEY. Why?

Mr. GIBSON. Because it was dirty.

Mr. DICKEY. Who made it dirty?

Mr. GIBSON. Chinamen.

Mr. DICKEY. Then the Chinamen were living in such a filthy condition in one of your buildings that the board of health was called on to condemn it?

Mr. GIBSON. Yes, sir. Now may I explain about that?

The CHAIRMAN. You have a right to explain.

Mr. GIBSON. I had leased one of the floors of that large building from a Chinaman for a chapel in which to preach the gospel. I had fitted it up and used it as such, and was to have it as long as I had use for it. Then it was found that this room which I was occupying would be good for an opium-den or a gambling-shop, and I was notified to leave; but it was necessary for me to hold to one place as a base of operations. If I could be permanent in this one place for years, the Chinaman would learn that I meant business. So, as a business matter, it was important for me to hold that place. I told the Chinaman who leased the building that I could not leave, and, finally, he agreed to let me stay till October. In the mean time I found that his lease expired at that time, and I leased the whole building myself. It was the nastiest and most disgraceful building in Chinatown when I took it. I commenced at once and spent all our surplus of rents in repairing and cleaning out the building, beginning on the upper floor and going down through the house as fast as the monthly rents enabled me to do so. In the basement of the building was a lot of very ordinary, bad men. I got through the upper story, and the second story, and had already ordered the materials for changing the lower floors and changing the renters, when Mr. Kearney took some men there one night so as to make a case against me. The board of health did this for the purpose of making political capital, when already I had the material all ordered to do the repairing, and I only asked them to let me have another week for the purpose.

Mr. DICKEY. In other words, the building had become so filthy that you yourself had condemned it?

Mr. GIBSON. In other words, it was so filthy that I condemned it the first. The board of health should have condemned it before I took it.

Mr. DICKEY. Is there any other race or class of people besides these

Chinamen who congregate together in this city and live in such a filthy condition?

Mr. GIBSON. I have had occasion to rent some rooms in the basement of the mission-house in Washington street, a common tenement-house, and I have found all classes of people there, Spanish, German, American, French, Japanese, and negroes. I never let any Chinese in there. I have had among these different nationalities (outside of the Japanese, for they a are very comfortable people) worse cases than I ever saw in Chinatown. I had to turn the tenants all out and lose all the rent.

Mr. DICKEY. Was it because they would not pay their rent that you turned them out?

Mr. GIBSON. It was because they were drunken and dirty. Drunkenness is the great crime of this class.

Mr. DICKEY. But you do not find bodies of men of other nationalities, except Chinese, living together in this city as the Chinese do?

Mr. GIBSON. I think that the Chinese people live more crowded than any other people. That is evident to everybody.

Mr. DICKEY. Do you know what diseases prevail among the Chinese people?

Mr. GIBSON. The same diseases as prevail among other people.

Mr. DICKEY. Is there any leprosy among them?

Mr. GIBSON. We have had a good deal of talk here about leprosy; but I think it is the general conviction of the medical fraternity that there has been no case or hardly any cases of genuine leprosy here. There is a sort of elephantiasis that is prevalent, and there have been, perhaps, a dozen or fifteen cases of it. I have never seen any myself. I only know what the newspapers say. There is one man in the city who talks a good deal about these leprosy cases, but I believe that he has not been able to prove as many as he talks about.

Mr. DICKEY. Has it come to your knowledge that the authorities of this city have shipped or sent away Chinamen on account of their being attacked with leprosy?

Mr. GIBSON. Yes, I have read such things in the newspapers. A certain policeman was telling me about it, and he said, "Of course, they had some skin diseases, and we reported them as leprosy." I have no personal knowledge of it.

Views of Mr. M. J. Donovan.

Mr. M. J. DONOVAN came before the committee. He stated that he had been a member of the State senate, and chairman of the legislative committee of investigation into the Chinese question. He read from a report of that committee some testimony in regard to the building leased by Mr. Gibson, and said: Mr. Gibson conveyed to you the impression that the building in question had been leased by him only lately. Now, here is sworn testmony in regard to that same building, taken more than three years ago, when the building was also leased by Mr. Gibson.

Mr. GIBSON (interrupting). Has this anything to do with the labor question?

The CHAIRMAN. The witness has a right to contradict your statement.

Mr. DONOVAN. When the people of this city are attacked by a witness in the infamous manner in which they have been attcaked by Mr. Gibson, is it not fair to say a word in their defense?

The CHAIRMAN. If Mr. Gibson has stated things which you know not to be correct, you have a right to state your views of the question. But we do not want a statement in the form of declamation.

Mr. DONOVAN. Three years and a half ago I examined that building which has been the subject under consideration, and in regard to which the people of San Francisco have been abused for compelling this gentleman to have it cleaned. Mr. Gibson conveyed the impression, as I understood it, that nothing was done about the building until after he had leased it, and that then they immediately went to work to compel him to clean it. Now, here is sworn testimony given before the Senate committee at the time I speak of (reading):

Q. Would you believe that a hog could exist there unless you saw it?—A. It would make very bad meat for butchers.
Q. Do the Chinese live there?—A. They do.
Q. Give a description of it.—A. It is almost indescribable.
Q. Who is the landlord?—A. Rev. Otis Gibson.

You must understand that in our city we have an ordinance against erecting wooden buildings within certain limits, but the representatives of China can always have that ordinance suspended where the white man cannot. I merely say that to show you how these people have been persecuted.

The CHAIRMAN. Go on and give your ideas with reference to this conflict between Chinese and American labor.

Mr. DONOVAN. The particular branch of labor in which I am interested is that of house-painters. I am a house-painter, employing a good many men at times. At present I am employing very few.

The CHAIRMAN. What is the average number of men that you employ?

Mr. DONOVAN. From 30 to 80 men.

The CHAIRMAN. Has that been the average for several years?

Mr. DONOVAN. Yes, sir. At present we are employing very few. In years past we did some work in Chinatown, and we did work in other places. But now the Chinese themselves do all the painting that is done in Chinatown. Yesterday I was down at the Pacific Mail Steamship Company's wharf, and I saw eight or ten Chinamen painters at work there. In the town of San Leandro, which is quite a thriving place across the bay, the Chinamen have monopolized the painting business entirely. Last week I met a Chinaman who asked me if I could not give him employment. I said, "Well, John, I do not know. If you are working cheap I may hire you." He said, "Yes, yes. What do you pay your men?" I said, "I pay $9 a week." "Well," said he, "I will work for $8." "But," said I, "times are getting hard, John, and I am going to cut my men's wages down to $6." "Me work cheaper," said he; "me work for $5 a week." That is the position of the painting business here.

The CHAIRMAN. State whether the interference of this cheap Chinese labor is destroying that branch of business?

Mr. DONOVAN. It has destroyed all that branch of business in the portion of the city known as Chinatown, and I should judge by what I have seen that it has destroyed a good portion of it all over the State.

The CHAIRMAN. Has this Chinese competition been the means of driving white painters back to the East?

Mr. DONOVAN. Yes. It has been the means of driving to the East those who had sufficient money to get there. There are hundreds of men on the streets to-day who, unfortunately, cannot get sufficient money to pay their railroad fare back. The Chinese are to-day doing painting in special cases for about 33 per cent. less than is paid for the same character of work in the East. In the window-blind factories here Chinamen put on a coat of paint at the cost of 3½ cents per pair of blinds,

whereas in the Eastern States the price of similar labor, under similar circumstances, is from 10 to 25 cents per pair of blinds per coat, so that the Chinamen not only competo with our people here, but they can perform labor at a much less price than it can be done for in the East.

The CHAIRMAN. What wages do those Chinamen get whom you recently saw engaged in painting?

Mr. DONOVAN. I cannot tell you. The only way I can arrive at an idea of their wages is from the instance which I stated to you about the Chinaman the other day wanting me to engage him.

The CHAIRMAN. Is paint manufactured here from the raw materials?

Mr. DONOVAN. Yes.

The CHAIRMAN. By whom is that work done?

Mr. DONOVAN. I have not been to the factories recently. I understand that one of the white-lead establishments employs Chinamen, but I cannot say positive. I have been engaged in the business of manufacturing woolen goods, but not to any great extent, and I found that Chinamen were offering to work at from 60 to 80 and 90 cents a day. They were willing to work as weavers at 80 cents, and were willing to work in the higher grades from 90 cents to $1 a day. One of these higher grades is called a dresser, and in the Eastern States dressers receive from $1.75 to $2.50 a day. In California, however, Chinamen offered to perform that work at 90 cents, and one of them, who was recommended as a first-class man, was willing to work for a dollar and a bit. At one time we thought that we would be able to manufacture clothing. We had offers from Chinamen to manufacture undershirts for 50 cents a dozen, and drawers for the same price—we to furnish the materials.

Mr. DICKEY. How many of those shirts could a man make in a day?

Mr. DONOVAN. I do not know; but I was informed that the price in the East for the same character of work is $1.50 per dozen, and these men offered to do it for 60 cents. In the manufacture of clothing generally that same proportion prevails. The Chinamen are to-day working here for less than they did a year ago. Eastern competition has compelled them to work so much cheaper.

The CHAIRMAN. What has become of the men who used to be engaged here in the clothing business?

Mr. DONOVAN. There can be here practically no manufacture of clothing except through or by the Chinese. Their wages are established just high enough to be always less than the wages of white men. When the white man's wages is depressed to the extent of 5 cents a day the Chinaman's wages is also depressed 5 cents a day. The Chinaman always keeps under the white man. In the butchering business, for instance, every hog that is killed in San Francisco and every bit of pork that is made passes through Chinamen's hands. They have entirely destroyed white competition in that line.

The CHAIRMAN. How do you account for that?

Mr. DONOVAN. Simply because the Chinaman can work cheaper than the white man.

The CHAIRMAN. Can the Chinese make the offal of the hog available?

Mr. DONOVAN. Yes; they can do anything that a white man can do. They are the equals of the white man in all positions of life, and they are superior to the white man from the fact that they can exist for one-fifth of what white men can exist for.

The CHAIRMAN. They are less dainty, of course, as to what they eat?

Mr. DONOVAN. They are less dainty.

Mr. MARTIN. And they are not very particular if they eat anything at all or not?

Mr. DONOVAN. They have to subsist. Mr. Gibson told you that white girls could get work at $15, $20, and $25 a month wages. That is not true. There are many white girls here looking for work, but they are not fitted for the general character of labor which they are expected to perform. And another reason why Chinamen are hired here for domestic purposes is that if the Chinaman gets $20 a month and the white girl gets $20 a month, the Chinaman is still the cheaper by $10 a month, because the white girl must have a bed-room to sleep in, while the Chinaman takes a little mat and sleeps on the floor, and consequently the family can get on with one room less, or can rent that one room at probably from $8 to $10 a month. Of course, this consideration is to the advantage of the Chinaman. If a Chinaman works in a family for $25 a month, he saves it all; none of it remains in this country. His clothing is imported from his native land, and his savings of years go back to China. The number of Chinamen in this State has been underestimated by all the persons who have been before this committee. In the committee of the State senate, of which I was a member, the presidents of the six Chinese companies testified that in the months of May and June, 1876, there were 148,000 Chinamen in the United States members of those companies, and that there were other thousands of Chinamen here who did not belong to those companies. They left the number for us to estimate, and we approximated the whole number at probably 160,000. But that there were 148,000 here at that time there can be no question about, because that was the testimony of the presidents (all Chinamen) of the six companies, and since that the number of Chinamen has been increasing.

The CHAIRMAN. Can a Chinaman come to this country or depart from it without the approval of the six companies?

Mr. DONOVAN. It was testified to before the Senate committee, of which I was a member, by the Rev. Dr. Loomis, a missionary, that no Chinaman could leave this coast except by the permission of the six companies, or of the Rev. Otis Gibson, or of himself, individually.

The CHAIRMAN. What did you learn in regard to Chinamen leaving here?

Mr. DONOVAN. So far as we could learn, that matter was comparatively a sealed book. It was impossible to get at their inner secrets. It was in testimony before the committee that the Chinamen held their secret tribunals here, and that in these secret tribunals they punished criminals and condemned offenses irrespective of the laws of the country, and that they used the laws of this country to pervert justice to the orders of these tribunals. For instance, some China man or woman who was objectionable to a certain company would be arrested; a warrant would be sworn out for the arrest of Hong Lo or Yung Lee. That person would be arrested and bailed out, and would immediately disappear. Again, when Chinamen were arrested for murder, Chinese witnesses were notified that if they appeared against the criminal they would be murdered. That statement was made by a witness to the district attorney of Sacramento, Mr. Jones. The district attorney said to him, "The laws of America are sufficiently strong to protect you, and we will protect you." The Chinaman said, "No; you cannot." The district attorney said, "We will." So the Chinaman gave his testimony, and twenty minutes after he left the court-room he was murdered on the streets of Sacramento by Chinamen. That was testified to by the district attorney of Sacramento. There were at least six or

eight circumstances of the same kind testified to before us. It is in evidence in this volume (copies of which I shall present to this committee) that the Chinamen have secret tribunals in which they arbitrate to settle disputes irrespective of our laws. It is in evidence that these Chinese courts had placarded on the corners of the streets papers offering rewards for the murder of Chinamen who had testified, or would testify, in our courts of justice, truthfully, against Chinamen. It was also testified before that same committee by Frederick Low, ex-governor of the State of California and ex-minister to China, that the daily wages of Chinamen in Hong-Kong were from 6 to 10 cents; that for a single day a Chinaman could be hired for 10 cents a day, and that on that pay he lived comfortably. It was also testified to by the same witness that no foreigner would hire a Chinaman as a servant, if he was acquainted with the customs of the country, without taking a bond for his honesty, as it was generally admitted that, at some time or other, the Chinaman would of necessity steal. One of the reasons why our boys and girls here do not engage in labor (in addition to the fact that the Chinaman is always ready to work for less than the white man) is this: that the Chinaman is looked upon as belonging to an inferior and degraded race, and any association with Chinamen in the workshops and different avenues of employment is regarded by white men as a degradation. You can understand what effect that will have on labor. It tends to make the laboring man, and particularly the men of my nationality, despised. As to the influence of this Chinese population on the morals of the community I can also speak, for I have lived here some fifteen years. I have known more young men and girls here who have been destroyed by the solicitation of Chinese prostitutes and by the use of opium, which can be indulged in in the opium-dens at from 3 to 5 cents, than have been converted by all the Christian ministers on this coast or in China in twenty years. It happened to be my fortune in my younger days to teach a Sunday-school class. Two Chinamen came in there to be taught Christianity. I believed that it was my duty to teach them Christianity, and I tried to do the best I could. When they first came they could not talk very good English. I met one of these fellows one or two months after he had left the school, and I said to him, "John, why do you not come to Sunday-school any more?" He said, "Me sabee English; me catch English first-rate." That is all they go to Sunday-school for; and that is the testimony of all persons except a few Christian missionaries who are engaged in that noble work. I do not use that expression irreverently, because I think it is a noble work to christianize any people. All that I mean to say is that I think the missionaries are mistaken, and that they should commence to christianize their own race, not the Chinese. The particular evil of Chinese immigration is this, that the Chinese in this country are a race of producers and not a race of consumers. They produce here millions of dollars' worth of property, and they consume nothing except the dollars which that property represents, and these dollars are transferred to their native land. It has been estimated that in the 30 years that the Chinese have been coming to our shores they have taken from $200,000,000 to $400,000,000 of gold and silver coin and bullion from this country, for which they have given us no return. In other words, they are like a little nation alongside of us, making every year $30,000,000 of goods, sending them into this country, and (having no reciprocity of trade) putting that $30,000,000 in their own coffers. I will put at the lowest figures the amount that the Chinese have taken from this country, and call it $200,000,000; and I call

attention to the fact that in the financial report of the Treasury for 1878 the total amount of money in the United States—in the shape of gold and silver coin and gold and silver bullion—is about $359,000,000. Now I ask, gentlemen, how much of the depression of business in the East, and how much of the hard times, may have been occasioned by the withdrawal of $200,000,000 of gold and silver coin out of circulation, and the transferring of it to another country without any equivalent to us? I am lower in my estimate of the amount withdrawn by the Chinese than others are, and I think I am in error; but I wish to state nothing here that cannot be undoubtedly proven. It seems to me, however, that when more than one-half of all the bullion of the country at the present time has been taken away by the Chinese, that would show that the Chinese had not only injured us in California, but that they had injured you in the East. It is claimed that the Chinaman has benefited the people of this coast by inaugurating manufactures. There never was a greater mistake or falsehood. We build a woolen-factory, or a shoe-factory, for instance, and we employ one hundred or two hundred or three hundred Chinamen. The Chinaman comes and works and gets his wages, and these wages go into his own pocket. Have the people of San Francisco benefited anything by the employment of that Chinaman? No. But the people of the East have been injured. We do not get a coat or a pair of shoes for any less money because the Chinaman makes them; and if we do not we are not benefited by the Chinaman's labor. There are only two parties who are benefited by it: one is the Chinaman himself, and the other is the employer of the Chinaman. That is the plain fact; and the people of the East who are employed in those manufactures are cheated out of their legitimate market on this coast without one particle of benefit to us.

To-day there are hundreds of girls who would be glad to get employment in factories, or in any place where they could work, for $1 a day for their services. There was a shoe-factory out here where girls were getting $9 a week. Chinamen got work there at $7.50 a week; and then the girls offered to work at $1 a day. Then the Chinamen offered to work at $5 a week. That is the history of this Chinese competition. Practically, the Chinaman can live here as cheaply as he can live in China; and the result of this Chinese immigration is this, that when our capitalists get a little more money, and get a few more Chinamen educated to make boots and shoes and woolen goods, and to manufacture all classes of goods that are now made in the East, we will have large manufactories here, and we will ship our manufactured goods to the East, and undersell Eastern manufactured goods. That is to be the legitimate result, and will be the end of it. While the people of the East have not yet seen that the Chinese labor here has already done them an injury by destroying the market for the goods which they may have sent us, it has actually done them an injury by taking out of circulation that which is the life-blood of the country; and this withdrawal of gold and silver may have produced the severe depression which has taken place in the East. But that is something of the past. When we have a million Chinamen on this coast working at 12½ cents a day, manufacturing boots and shoes and clothes, and when we have thus destroyed the woolen and cotton and shoe-factories of the East, then the people of the East will realize that this Chinese question is a great question. I see that the Chinese have started a manufactory of woolen goods on their native soil. They have imported machinery from Germany and have erected two of the largest woolen mills in the world. They will not only supply themselves, but they will supply us. They are also making in-

roads more dangerous. If they continue to make as much progress in the merchant-marine service for the next twenty years as they have done for the last five years, you will find no Americans engaged in shipping. If you visit the steamers of the mail-steamship companies subsidized by the government of the United States, you will find that the fireman, the coal passer, the oiler, the steward, and all the employés are aliens, foreign to our land, having nothing in common with us. We say that these Chinese are barbarians. It is not so. They have a civilization, and we have another. Their civilization differs in character from ours. If we see anything that is brilliant or good in an Indian we take and apply it. If we see anything in the Chinaman that is brilliant or good, we take it and apply it. But we do not forego our civilization; we consider him a barbarian all the same. If the Chinaman sees anything in our civilization, in the arts, sciences, or manufactures, which can be beneficial to him, he immediately makes himself master of it, and partakes of the benefit of it. He has not the reverence or respect for us which the Indian or African or any other barbarous race has.

The CHAIRMAN. It has been represented here that there is as much prostitution in this city outside of the Chinese quarter among white women as there is inside of the Chinese quarter among Chinese women. What is your opinion on that subject?

Mr. DONOVAN. I think, I am postitive, that that statement is incorrect; and even if it were true, the fact would not be so dangerous to the future existence of American civilization as the presence of the Chinese is; and for this reason: if a boy nine years of age passes through Chinatown, there will be a tap at the window of every Chinese house of prostitution, and a Chinese woman will say, "Come in, Johnny; one bit." It was in testimony before the legislative committee of which I was a member (sworn to by Dr. Toland and Dr. Short, members of the board of health of San Francisco) that they had hundreds of cases in a year of boys from nine to twelve years of age with syphilitic diseases, which they had got in the Chinese quarter and from Chinese prostitutes. And it was also in testimony before that committee that no white girl, however low or degraded, was ever known to give disease to a child of nine or ten.

The CHAIRMAN. Is it a fact that the proportion of prostitutes among the white people here is as large as it is in the Chinese quarter?

Mr. DONOVAN. No, sir. The witness who conveyed that impression, by saying that there were as many white prostitutes as there were Chinese prostitutes, omitted to tell you that the white population of San Francisco is five times greater than the Chinese population.

The CHAIRMAN. Even stated in that way it is a pretty alarming state of things.

Mr. DONAVAN. I do not think it is true. I have not associated so much in that particular quarter as that gentleman (Mr. Gibson) has, and of course my information on that subject is not so good as his. Chinaman pay a dollar a month room-rent, living in the European style and renting rooms separately; and if they get a more desirable shelf to be stored in (put as coffins are stowed away in a vault) they pay $1.50 a month, together with $1.25 a week board. Sometimes there is a double row of shelves along the wall of a room for sleeping-berths, and sometimes there is only a single row, with just space enough along each bunk for a man to crawl in; and there is a space in the center of the room, between the bunks; so that you can estimate how many Chinamen would be put into such a room as this. That is what I saw in the basement of the Rev. Otis Gibson's house when I inspected it as a member

of the legislative committee. The ceiling was so low that I could touch it with my finger. I would imagine that the space occupied by each Chinaman would be about 2 feet wide and 6½ feet long.

The CHAIRMAN. A little larger than a respectable coffin.

Mr. DONOVAN. You must remember that he must have the means of ingress and egress, and he takes a little more room on that account.

The CHAIRMAN. How is this thing going to result?

Mr. DONOVAN. It can result in but one of two things. So far as my reading of history informs me, two distinct races and two distinct civilizations have never existed in any country together for any length of time, and, as history repeats itself, I believe they cannot exist here. We find that China has a population of 400,000,000, and that in one small district of that empire nine and one half millions of people were starved to death within a year. These nine and one-half millions would, of course, have come to California if they could have got means to do so. To them this country would be a comparative paradise. If nine and one-half millions of people should come from China to this coast, willing to work for a pittance, willing to work for 10 cents a day, as they do in their native land, the result would be that, in order to compete with them, we must be degraded. Our common-school system, all our boasted Christian civilization, and the high salaries which we pay our ministers for preaching the gospel of Christ crucified, could not be indulged in any longer. We would simply have a degraded race that would dwell, as the Chinese do, in a condition worse than that of hogs. Now, we will not permit that. Before we come to that state of things we propose to do the other thing; we propose either to leave this country or to die defending the race from which we sprung. And if we have to leave this country the men in the East will have to leave. The Chinese built a wall around themselves and kept out the outside world for two thousand years; and now the outside world, in order to protect itself from those hordes of Mongolians, who are their superiors in the economies of life (because they can live for so much less), must keep them out. I expect to see every government in Europe, as well as in America, passing, within the next twenty years, restrictive laws against the Chinese, and passing special tariff laws imposing a heavier rate of duty on Chinese manufactured goods as against the manufactured goods of any other race; for if the Chinamen in China can work for 7 cents a day in manufactories, then no country in the world can compete with them; no country on the habitable globe can do so, and that the Chinaman can do so is beyond dispute. The Chinamen are monopolizing the manufactures of this State. One of them goes to work and gradually learns a trade; he brings another along; he says to his employer, "This is my brother; he is just from China, and I want him to learn something." He teaches his brother the trade and business. This one Chinaman teaches another, and, in the end, thousands of "brothers" know the trade. That is instanced in reports furnished to the British House of Commons. When the English first went to China they ran the steamers on the river with white men; the deck-hand, fireman, coal-passer, steward, sailor, waiter, were all of the white or Caucasian race. To-day those vessels are run without a man above deckhand having one drop of Caucasian blood; they are all Chinamen. The next thing the Chinamen will do will be to build the ships themselves and to sail them, and to transport their manufactured goods to every land: and as their labor at home only costs 7 cents a day, they will be able to undersell the manufactures of every other country.

Mr. MARTIN. What legislation would you propose to remedy this evil?

Mr. DONOVAN. Either one of two things, either to allow the States to tax all foreigners, or any particular class of foreigners, $100 a head per year——

Mr. MARTIN. Would you distinguish against the Chinaman?

Mr. DONOVAN. Decidedly. He is the only foreigner you have got to distinguish against.

Mr. MARTIN. You would simply tax Chinamen, and no other foreigners?

Mr. DONOVAN. I would tax no other foreigners. There is no necessity for taxing any other foreigners. With other foreigners everything that they make here remains here in this country.

Mr. MARTIN. What other legislation would you propose?

Mr. DONOVAN. I would prevent Chinese immigration to this country. I would let no Chinaman come to this country, except as minister, or, if they choose, as missionaries to convert us to the worship of Joss. Or I would allow a few of them to come here to be taught in our colleges or schools; but no other Chinaman would I allow to come here. If that restrictive bill of last Congress, allowing only fifteen Chinamen on every vessel, had become a law, it would have settled the question.

Mr. MARTIN. What would you do with those Chinamen who are already here? Would you legislate against them?

Mr. DONOVAN. That is a grave question. I would legislate against them, if I could. If it was possible to send them out of the country, that would do the country the most good. But that question will settle itself in another way. The Chinamen who are here have no wives and no children. They are simply birds of passage. They come here, make a few hundred dollars, and then return to China. All go back to China; if not during their lives, at least in their coffins. I have never seen a Chinese Christian yet. I believe that it has been shown in the United States courts that the queue which the Chinaman wears is a badge of his religion, and Judge Field has just decided that, inasmuch as it is a badge of his religion, it cannot be interfered with. I have failed to see a Chinaman yet who has taken the trouble to have his queue cut off; and if the queue is the badge of his religion, and the loss of it would be evidence of his Christianity, then there are no Christian Chinamen here.

Mr. GIBSON. I wish to reply to the testimony of Mr. Donovan in regard to the sanitary condition of this house in Jackson street. When we took the house there was a well in the basement or hall, but from the time that we took it we had water from the Spring Valley Water Company. Our water bills monthly (all that time that it was testified that the Chinamen were drinking sewage) were from $35 to $40 and $50 per month. Then we sunk an artesian well 80 feet deep, and we have had water from that well ever since. If any one has since then drunk water from the old well, it would be as a matter of choice. I presume that the part of the testimony in regard to that building is equally true with the other testimony given before that legislative committee.

Mr. DICKEY. (To Mr. Donovan.) I understood you to say that Chinamen are permitted to leave here for China if they have a permit from certain parties, and you named Mr. Loomis, Mr. Gibson, and the six Chinese companies. What authority has Mr. Loomis and Mr. Gibson to give permits to Chinamen to leave this country?

Mr. DONOVAN. The only authority is this: that they and the Pacific Mail Steamship Company made a contract depriving every Chinaman

of his liberty of returning to his native land without first obtaining their permission.

Mr. DICKEY. Are these gentlemen partners with the six Chinese companies?

Mr. DONOVAN. I give you the facts, and leave you to draw your own inference.

Mr. GIBSON. Mr. Gibson is here, and can explain that if you wish to know.

Mr. DONOVAN. I believe that if the Chinaman will pay $100 passage money he can get away without the permission of these gentlemen.

Mr. GIBSON. I have personal knowledge of all these matters, and can inform you about them.

Mr. DICKEY. I inquired of you when you were on the stand, and you did not know how Chinamen get away from this country.

Mr. GIBSON. You did not ask me how they got away.

Mr. DICKEY. Yes, I did.

Mr. GIBSON. I heard no question of the kind. If you wish to hear that matter explained, I can tell you. It was an effort to get the Chinamen out of the hands of those six companies. There is an insinuation that I am in league with the six companies to prevent Chinamen going home. That is not true, and I offer to deny it.

Mr. DICKEY. You heard the statement that these Chinamen cannot go back without permission, and when you returned to the stand you did not explain that matter.

Mr. GIBSON. I simply asked to make an explanation in regard to the —well, I made no remark except to answer questions. I should not have said anything if questions had not been asked me.

Mr. DICKEY. Is it true that you do sign, or ever have signed, permits for Chinamen to return to China?

Mr. GIBSON. I give a Christian Chinaman who wants to go home a certificate that he belongs to the mission and is a man of good character. I sign my name to that certificate, and that delivers the man from being subjected to the six companies, who always collect a tax from the men who are on their records. But a Christian Chinaman withdraws his name from these companies when he becomes a Christian.

Views of Mr. William R. Schaefer.

Mr. WILLIAM R. SCHAEFER appeared before the committee. He said, in reply to preliminary questions: I am a resident of this city, and have been for twenty-five years. I am a manufacturer of and a dealer in furniture. During the last five years I have had from 15 to 25 men employed. I have now probably 15 men employed.

The CHAIRMAN. In what way does Chinese labor interfere with your business?

Mr. SCHAEFER. We can do the same work with Chinese labor at 50 per cent. less than we can with white labor, and yet we have entered into a combination not to employ Chinamen. We tested the matter with several articles and found that Chinese labor is that much cheaper.

The CHAIRMAN. Is Chinese labor the means of depriving white men of employment in your business?

Mr. SCHAEFER. Not at present, because, as I say, we have entered into a combination not to employ Chinamen; but if we were to employ Chinamen they would drive all the white men out of employment.

The CHAIRMAN. At about how much less can you employ Chinamen than you have to pay to white men?

Mr. SCHAEFER. About 50 per cent.

Views of Mr. William M. Haynie.

Mr. WILLIAM M. HAYNIE came before the committee. He said: I have been a farmer for twenty-two or twenty-three years, and I want to make a statement in regard to the contracts by which Chinese labor is obtained. I have not heard any one testify here as to any knowledge of contracts being made in China for Chinese labor here. In 1874 I was employing a great many Chinamen in the hop culture—the picking of hops. I soon found that the Chinamen were making inroads on my business by raising hops themselves, and that I would have either to quit the business or they would drive me to the wall. I so stated to a Chinese firm in Sacramento City. One of the firm said to me, "Captain, I would like to go in partnership with you in the hop business on a big scale." I said, "What advantage will that be to me. Will I get any men cheaper than I get them now?" "O, yes," said he, "a heap cheaper." I asked him "how." He said, "If you go into partnership with me we can make a contract in China for men at $85 a year, and they will board themselves, if you will give them 2 or 3 acres of land on which they can raise a little rice and some pigs for pork. That," said he, "will be all their board bill, $15 a year, which will make about $100 a year for the actual labor of the men employed in these industrial interests—hops or anything else." I said, "How can you do that? The laws of the United States Government prohibit the making of contracts in China fo labor on this coast, and if we were to attempt to make such contracts, we would subject ourselves to imprisonment and fine." "Well," said he, "no one will know it. We can hire the men all the same, and we will make that agreement with you that they will only cost you that much in the year." I declined the proposition, and I quit the business.

The CHAIRMAN. What did it cost you for white labor in that business?

Mr. HAYNIE. Thirty dollars a month and board. This conversation occurred between me and a representative of the Chinese house of Mung Chin.

The CHAIRMAN. And this man offered to procure Chinamen to do the same work for you at $100 a year.

Mr. HAYNIE. Yes; board and all. We paid the Chinamen whom we employed $1 a day.

The CHAIRMAN. And they boarded themselves?

Mr. HAYNIE. Yes; the proposition of that Chinaman was to furnish us men for about $100 a year; that proposition proved sufficiently to my mind that I could have entered into such an arrangement if I had been willing to violate the laws of the United States.

The CHAIRMAN. What has been the general effect on the farming community of the introduction of Chinese labor into this State?

Mr. HAYNIE. It has been just the same as the effect on all other industrial interests on the coast. They are quietly, steadily, perseveringly driving out white labor, and destroying the industrial interests on the coast. They are doing it so assiduously, so quietly, and so perseveringly that you hardly perceive it. And yet you find that the evil grows and grows, till, in proportion as Chinese industry and machanical skill and genius are brought to bear, we are driven to the wall, and cannot possibly compete with the Chinese. Now in regard to this secret tribunal. You heard from the Rev. Dr. Gibson that he knows nothing about it. I do not know that I have heard any gentlemen testify in regard to that secret tribunal for trying persons complained of in their own societies. During the fall of 1874, 1875, or 1876 I thought I would

test this question, to see if the Chinese had any secret tribunals. My Chinese cook had a silver watch (they are very fond of watches), which he hung in his cook-house so as to know the time to prepare the meals for the white men whom I had employed in the hop culture. A gang of Chinamen came along one day wanting to buy some wood that I owned. I told them that they might go by the cook-house and get an ax. But, before they got there I ran around and hid the watch, and the men passed out with the ax to the timber. Pretty soon the cook ran up to me and said, "Them Chinamen stole my watch." "Well," said I, "when they come back, go for them." He did go for them, and searched them for the watch, looking for it even in their boots. While they were palavering in regard to the watch I stole around to the cook-house again and hung up the watch in its place. After a while I said to the cook, "Maybe you have not lost the watch at all." He said, "Yes, I know it is gone." Finally they all went to the cook-house and found the watch there. Then these three or four Chinamen denounced the cook, and went into town and complained to the secret Chinese tribunal, and the tribunal issued a summons for my cook to appear before it, and he was forced to appear and was fined $30.

Mr. MARTIN. Did an officer come around with a warrant?

Mr. HAYNIE. No; simply a Chinese delegation from this secret tribunal came and took him away. When he came back he told me that he had had a trial, and that, for the false accusation that he made, he was to pay a fine of $30, or to receive so many lashes. I said that I would get him out of the scrape, but I had to pay $10 for him. There is positive evidence that they have these secret tribunals, and that they are a law unto themselves.

Mr. MARTIN. To whom did you pay the $10?

Mr. HAYNIE. I gave it to the cook. I went into town with him and he gave it to one of the head men. I told this head man how the thing occurred—that it was only a prank played on the cook; but he would not let him off till I paid the $10.

The CHAIRMAN. Did that money go to the six companies?

Mr. HAYNIE. Of course I did not get into the secret inwardness of the thing, but I know that the cook was very much frightened, and said that they would kill him.

The CHAIRMAN. Are you still residing in the country?

Mr. HAYNIE. No; I sold out my farm last fall, and I am now living in Sacramento City. But I have been interested in this subject since 1844, when I became acquainted with Chinamen, and, like all other people, here I have felt that this is the great question of the age. It is one of vast importance. Its proportions can be scarcely overestimated by Congress.

The CHAIRMAN. In your reflections on the subject, have you ever come to a fixed opinion as to what ought to be done?

Mr. HAYNIE. Yes.

The CHAIRMAN. What is it?

Mr. HAYNIE. My opinion is that there ought to be an immediate action on the part of Congress, either to restrict Chinese immigration or to prohibit it entirely, even though the Burlingame treaty may have to be completely abrogated. The Chinese government can do the same thing, and abrogate its part of the treaty as well.

The CHAIRMAN. Do you base that judgment on the idea that the public safety requires it?

Mr. HAYNIE. I base it on the idea that public emergencies and necessities and regard for the life of this city and State, and of the national

government itself, require it. If such a remedy is not resorted to, the Chinese will in time absorb us just as sure as there is a God in heaven.

The CHAIRMAN. Have you an idea that this Chinese invasion would cross the mountains and affect the Middle and Eastern States?

Mr. HAYNIE. In time it would. China is an old nation, and with the China people one hundred years is but a small period of time. They will wait their time. They are not in a hurry. We and our children and our grandchildren may be all dead; but, if no check is put on the Chinese, the time will come when they will absorb this whole continent.

The CHAIRMAN. And drown out our civilization and religion?

Mr. HAYNIE. Yes; if they are allowed to do so.

Views of Mr. James Gilroy.

Mr. JAMES GILROY came before the committee. He said: "I lived in China for ten years. One day, in 1862, I was going from my residence at Ningpo to the English consulate, and on my way to the consulate I had to pass the missionary church. I saw a great concourse of people in the church, and I thought I would stop and see what the matter was. So I told the chairmen to stop and I went into the church. I had gone to China young, and I had grown up in that country, so that I knew all the people, and used to affiliate with them, as it were. I went to one of the Chinamen in the church and asked him, in the Chinese language, what he was doing there. He put his hand in his pocket and showed me so much money which he had got for coming to church. I asked another fellow what brought him there, and he also said that he had been paid for it. I asked several the same question, and they all showed me the money which they had got—10 cash, that is one cent. I thought to myself, what is the meaning of this? Because there is no such thing as converting Chinamen; and I thought that I would make still further inquiries. I did so, and I found that the home mission had sent out inspectors from England to see how the missions in China were doing; and the consequence was this large congregation of Chinamen in the church. The next day I went up at the same time, and there they were having their usual church meeting with only the ordinary attendance; and I was convinced that the thing was a farce, and that this large congregation of Chinese on the preceding day had been got together to fool the inspectors who had been sent out from England.

The CHAIRMAN. Do the missionaries in China require, as part of Christian conversion, the cutting off of the Chinaman's queue?

Mr. GILROY. No, sir. The missionaries never ask for such a thing. The people of America do not understand the queue question. There are two classes of people in China—the rebels and those who are now called the imperial people. The rebels do not wear the queue. They wear their hair the same as we do. Now, if you are a loyal Chinaman, you must have a tail. If you appear on the streets in some parts of China without a tail, the authorities take you up as a spy. Consequently the wearing of tails has nothing to do with religion, but is only a mark of loyalty. That is the true meaning of it. The Chinese people proper (that is, the rebels) are those whose women do not have small feet and whose men do not wear queues.

The CHAIRMAN. Are they numerous?

Mr. GILROY. They are very numerous. I traveled all over the country, and particularly in that portion of it which is controlled by the rebels. These are the real Chinese. If we had them here instead of those we have, we would do better with them

The CHAIRMAN. Why are they called rebels?

Mr. GILROY. Because they threw off the control of the imperial government two hundred or three hundred years ago.

The CHAIRMAN. Who paid those Chinese beggars for going to the mission church?

Mr. GILROY. The missionaries—Mr. Gibson and his crowd.

The CHAIRMAN. Was Mr. Gibson there at that time?

Mr. GILROY. I think that Mr. Gibson was at Ningpo that same year.

Mr. DICKEY. What object did the missionaries have in paying those beggars in China to come to their church?

Mr. GILROY. The object was in order to keep up large contributions from America and England to support the missionaries, and to enable them to drink champagne, which I have seen them do. I was in the merchant service in China. The missionaries in China have gone in between the merchant and his ordinary business. In those days China was like California in the facilities which it afforded for making money. California merchants used to ship goods to China and sell them at a large profit. But what did the missionaries do? The missionaries came in and said to the Chinese "You need not pay so much money for those goods. We will send to England for invoices for you." And they went so far as to import all kinds of merchandise from England, and thus deprived us of our business; and to-day Chinese merchants have the control of the mercantile business in China.

The CHAIRMAN. Have the missionaries more control over the rebels in China than they have over the imperialists?

Mr. GILROY. O, no; they do not go near the rebel country. The missionaries stay in the fine cities of China. I lived in Amoy, in the south of China, in 1866. In China gambling-houses are more frequent than drinking saloons are here. I went into a gambling-house in Amoy. They have got several card games, and they have that game of Tan which is in use here. I used to play Tan myself, for I was young at the time. One day I stood watching the game in a gambling-house in Amoy. To the right of this gambling-saloon there were bars put up. I thought to myself "What is that," and I looked in and I saw a lot of fellows there. I recognized one of their faces, and I asked the man what he was doing there. He said that he had been gambling, and that he had lost, and that the consequence was that he had to go to California or Peru. "But, said he, "if you pay up $20 for me I will promise to work $200 worth for you." I watched that business. I went up town and spoke to a merchant about it. He said "Do you not understand it? I will tell you how it is. They have a sign up there in the gambling-saloon that any one who wants to try his luck at the game to the amount of $20 will get the money paid down; but if he loses he goes into this corral to be shipped to California or Peru. If he has a friend who will pay the money to release him it is all right, but if he cannot get released there is the cooly ship in the harbor. He gets a blue shirt and a pair of blue pants and is put on board and shipped for five years to one of the six companies." The Chinese are a people who never go back on what they say. In a city of this size in China (which would be a very small city there) the mayor has full control. If he is a popular man he administers affairs to suit himself and the people submit to him. If he is not a popular man he is beheaded and his head is stuck on a pole. There is the trouble in that country. They have no organization or system of government the same as we have. They have cliques which have power all through China, except as to the national government. Every one pays tribute to the Chinese Government. That is all that is

necessary. Mr. Burlingame bought his way through to the Emperor. He was hand in hand with the California ring, and I told them in China when that Burlingame treaty was made what the thing was coming to. I said "The Chinese will go to America and will shove out the American people. They will make their clothes, and do everything for them." They laughed at me when I said so, but I reckon that some of those old men in China remember now what I then told them. Mr. Burlingame, as I understood, bought his way through to the Emperor. It costs a man more money to get to the Emperor of China than it does to fit out an expedition to the North Pole. It is all done by money, and if a man says there was no money in it he does not know what China is. Mr. Burlingame bought this servant and that servant in order to reach the Emperor's presence and get that treaty signed. This Chinese trouble has got to be stopped, or this country will go into revolution. The working man who thinks that the Chinamen here will not fight is mistaken. These Chinese are to-day preparing for the conflict. They have more facilities in their power to-day than the white men have. The Chinamen have been laying in a supply of arms for some years past.

The CHAIRMAN. What kind of arms?

TMr. GILROY. All kinds of arms, but their principal weapon is a knife. there may be half a dozen men with pistols in a room, but one Chinaman with a knife will clear out the room, because he understands the business. Nine men out of ten using a pistol will shoot too high or too low; but a Chinaman when he takes a knife is going to do some business. He means it. President Hayes vetoed the anti-Chinese bill sometime ago. Why did he do it? Because the great American commerce with China must be protected. Let me tell President Hayes that the English Queen has been protecting American commerce in China for the last twenty-five years, and that if it was not for the English gunboats protecting American residents there, the American residents would have been driven out long ago. If you show a Chinaman in China a pass signed by the American minister he will pay no attention to it; but if you have a pass signed by the English minister you can travel all through the interior of China.

The CHAIRMAN. I thought that under the Burlingame treaty we were entitled to all the privileges of the most favored nation.

Mr. GILROY. So we were. But take Shanghai, the leading port in China; that city has boundaries within which Americans have to live, and Englishmen have to live, and beyond those boundaries the taotai, or governor, has jurisdiction. Your consul and your plenipotentiary in China will tell you that if after a certain hour at night you are beyond these boundaries you are there at your own risk. If you want to go to the tea district to buy tea, you will be told that you have gone beyond your boundaries, and that, of course, whatever happens to you the Chinese Government will not be responsible for you. But if you will go to the English consul he will give you a pass, and then you are safe. I have seen Americans carried about in cages in China. I was one of a party in Amoy who got up a mass meeting and went to the American consul demanding that he should have one of those men liberated. He said that he would attend to it to-morrow, but when to-morrow came that man in the cage was in the interior of China. It seems that he had been engaged in the rebellion. If that man had been an English subject, his treatment would have cost the Chinese Government a heap of money. I do not wish this committee to suppose that I have any animosity against the Chinese. I have spent the best part of my days in China. It is a lovely country. But I must say that the coolies of China

who are here are beyond all toleration. They are the lowest of the low. There is hardly a Chinaman on the coast who is not a murderer or a thief, or some other criminal, or who has not sold himself to come to this country. I have received as much hospitality in China from the Chinese proper as I have received in America. But the class of coolies who come here are not Chinese. The Chinese proper are paid high wages; but the coolies, such as you have here, are paid only from 6 cents to 7 cents a day. If you burst up the six Chinese companies, you will burst up the whole Chinese arrangement.

The sittings of the committee in San Francisco were here closed.

TESTIMONY TAKEN AT DES MOINES, IOWA.

CONTRACTION OF THE CURRENCY.

DES MOINES, IOWA, *September* 2, 1879.

The committee met in the public room of the hotel. Present, the chairman (Mr. Wright, of Pa.), and Messrs. Dickey, of Ohio; O'Connor, of South Carolina, and Martin, of North Carolina.

Statement of Mr. Stephen Ford.

Mr. STEPHEN FORD came before the committee and submitted the following paper as the result of a partial investigation of the increase of debt and taxes in a small section of the State of Iowa:

Fayette County, Iowa: The number of 10 per cent. chattel mortgages placed upon record during the years 1865–'66 was 334; 1867–'68, was 504; 1869–'70, was 850; 1871–'72, was 1,104; 1873–'74, was 1,485; 1875–'76, was 2,065; 1877–'78, was 3,367.

The foregoing is extracted from the records of said county.

Fayette is an agricultural county, and its increase of population has been no greater than in other portions of the State.

Statement of the taxes of Polk County, Iowa, in which is situated Des Moines, the capital of the State: 1869, $32,054.99; 1875, $348,228.34; 1878, $447,878.49; shrinkage in value during above time equal to 50 per cent.

Taxes of Madison County, of which Winterset is the county-seat: 1873, $97,494.36; 1878, $1[illegible]5,966.07.

Showing that while all products have constantly decreased in value, debts and taxes have constantly increased.

Statement of Mr. George M. Walker.

Mr. GEORGE M. WALKER came before the committee, at its invitation. He stated, in reply to preliminary questions, that he resides at Des Moines and has resided here since 1866, and at present occupies the position of State treasurer.

The CHAIRMAN. What is the financial condition of this city, so far as you understand? Is there a depression of business and labor here; and, if so, to what extent?

Mr. WALKER. There is great depression in labor and in business of all kinds.

The CHAIRMAN. How long has it been so?

Mr. WALKER. There has been a depression since 1872.

The CHAIRMAN. Has that decline been continuous since 1872?

Mr. WALKER. Yes, sir.

The CHAIRMAN. What is the condition of the farming community throughout this State?

Mr. WALKER. The farming interest is depressed.

The CHAIRMAN. What is the condition of the farming interest in relation to indebtedness?

Mr. WALKER. As a class the farmers are in debt and most of them are cramped. Since 1872 it has been growing worse. Their indebtedness consists of mortgages on their real estate, and, in many cases, on their chattels. From the best information, I should think that from one-third to one-half of the farmers are indebted, and have mortgages on their chattels and real estate. I gather this from general talk with parties from different portions of the State, and from information derived from newspapers.

The CHAIRMAN. Is that indebtedness a thing that the farmers are going to get rid of without the loss of their property?

Mr. WALKER. Many of them will not. Last fall many of our farmers moved off, leaving their property here, to seek homes farther west. They had become discouraged, their farms being heavily mortgaged, and they went off to start again in a new country. They became discouraged, thinking that they could not pay off their indebtedness, and they left their lands here. I presume that one-half of those whose farms are mortgaged will ultimately lose their property unless their financial condition is changed for the better. That is according to my best information. The chattel mortgages on the recorder's books are increasing instead of decreasing. Likewise, the mortgages on real estate are increasing instead of decreasing. Last fall, while in a bank making deposits, I was speaking to the banker as to the financial condition of the State, and speaking of the good crop, and the banker said, "It will take this crop and another one just as good to liquidate the small debts and the interest on the mortgages in this country, and the farmers will still have their mortgages unpaid."

The CHAIRMAN. Is that also your opinion and judgment?

Mr. WALKER. It is.

The CHAIRMAN. You estimate that one-half of the farm in this State are mortgaged?

Mr. WALKER. From one-third to one-half.

The CHAIRMAN. And you think that at least one-half will be lost to the present owners?

Mr. WALKER. Yes; unless the financial condition is improved.

The CHAIRMAN. Do you give us to understand that this depression in business and labor is general throughout the State?

Mr. WALKER. Yes, sir; we are as prosperous here at the capital as they are probably in any portion of the State.

The CHAIRMAN. What, in your judgment, has caused this depression of business and labor in the State?

Mr. WALKER. The contraction of the currency.

The CHAIRMAN. You have not currency enough to meet the requirements of business?

Mr. WALKER. No, sir.

The CHAIRMAN. What remedy would you suggest for this state of things?

Mr. WALKER. An increase in the circulating medium.

The CHAIRMAN. What is the rate of interest here?

Mr. WALKER. Ten per cent.

The CHAIRMAN. Can farmers who have mortgages on their property procure money here for agricultural purposes?

Mr. WALKER. I think not, unless they have ample additional security to offer.

The CHAIRMAN. What is the price of corn and wheat in this market?

Mr. WALKER. I am not able to say. Last year corn sold from 15 cents to 20 cents a bushel, and wheat from 50 cents to 70 cents.

The CHAIRMAN. Have the prices increased any this year?

Mr. WALKER. I do not know how they are at the present time. They had not increased a month ago, but were a little lower than they were last year at the same time.

The CHAIRMAN. What is the price of labor here?

Mr. WALKER. City labor is worth from $1 to $1.25 a day, the laborer finding himself.

The CHAIRMAN. Is there employment for all the laborers in the city?

Mr. WALKER. Not at the present time, and there has not been.

The CHAIRMAN. Is there a large number out of employment—men who are willing to work if they could get work?

Mr. WALKER. There are not so many out of work this fall as there were last fall.

The CHAIRMAN. How is your taxation here—is it increasing or decreasing?

Mr. WALKER. It has been on the increase till this present year, and the levy for this year has not been made yet. I presume it will be smaller this year than last. The rate of taxation in the city here is about 5 per cent.

The CHAIRMAN. How is real estate here? Is there any shrinkage in its value?

Mr. WALKER. Real estate has been going down since 1873.

The CHAIRMAN. Is it still going down?

Mr. WALKER. There is not much sale for property, but I think not. There is no demand for property.

The CHAIRMAN. Does that want of demand arise from the scarcity of money?

Mr. WALKER. That is my judgment.

The CHAIRMAN. What is your city debt?

Mr. WALKER. Our city debt is $585,000.

The CHAIRMAN. Then I understand that you give it as your opinion that the industries of the city and the labor in the State are much depressed?

Mr. WALKER. Yes, sir; and they have been since 1873.

The CHAIRMAN. Do you feel the want of money arising from the contraction of the currency?

Mr. WALKER. Yes, sir.

The CHAIRMAN. How is it in regard to the prices of stock—cattle and hogs—they being a large product of the State?

Mr. WALKER. I cannot give you an intelligent answer to that question.

Mr. O'CONNER. How were things here prior to 1873?

Mr. WALKER. They were in a flourishing condition. There was great demand for real estate. There was a good deal of building and there was a great rush of business.

Mr. O'CONNER. Then, a state of active prosperity had existed from the close of the war till 1873, when the decline set in?

Mr. WALKER. Yes, sir.

Mr. O'CONNOR. Has this decline had a tendency to check immigration to the State?

Mr. WALKER. The immigration which used to come to this State now passes on to Nebraska and Kansas, where the immigrants can take homesteads. Prior to that time a good class of immigrants came here and purchased improved property.

Mr. O'CONNOR. And such immigrants are now deterred by the high rate of taxation?

Mr. WALKER. I do not know that that is the cause. In cities that may be one of the reasons, but as far as the rural portion of the State is concerned, I cannot say that it is. The 5 per cent. taxation that I spoke of is in this city. The taxation on country property is not so high. Undoubtedly the high rate of taxation has some effect in turning away immigrants. So also has the lack of means to purchase property. Men know that in the present financial condition of the country they cannot make money to purchase as they used to; therefore, they go West, where they can squat on land, and grow up with the country.

Mr. O'CONNOR. In what period was the greatest increase in the population of your State?

Mr. WALKER. From 1866 to 1876, although the tide of immigration probably turned in 1873.

Mr. O'CONNOR. The immigration set in after the war?

Mr. WALKER. Yes.

Mr. O'CONNOR. It kept increasing up to 1872 and 1873?

Mr. WALKER. Yes.

Mr. O'CONNOR. Can you state, as an official of this city, what was the rate of increase in population between 1865 and 1873?

Mr. WALKER. I took the census of this city in 1869, and my recollection is that it was then from 18,000 to 20,000. It is now about 25,000. The population in 1865 was 13,000.

Mr. O'CONNOR. What is the banking condition of the city?

Mr WALKER. I cannot answer that question. We have six banks here: the Citizens' National Bank, with a capital of $100,000, and the Iowa bank, with a capital of $100,000. The rest of the banks are private banks.

Mr. O'CONNOR. Then you have only $200,000 of national-bank capital?

Mr. WALKER. That is all. A bank across the river failed a couple of years ago, and a new bank was organized in place of it, but whether the new bank is a national bank or not I cannot say.

Mr. O'CONNOR. Is money easy or tight here?

Mr. WALKER. Money has been easy at certain rates of interest.

Mr. O'CONNOR. At high rates of interest?

Mr. WALKER. Yes; 10 per cent.

Mr. O'CONNOR. Then money is very scarce at a reasonable rate of interest?

Mr. WALKER. Yes.

The CHAIRMAN. Do the national banks charge 10 per cent.?

Mr. WALKER. Yes; they discount at 10 per cent. The legal rate of interest here is 10 per cent. if mentioned in the contract; otherwise it is but 6 per cent. Ten per cent. is allowed if specified, but not beyond 10 per cent.

The CHAIRMAN. Then 6 per cent. is the legal rate of interest?

Mr. WALKER. No; 10 per cent. is legal, but if there is no mention of the rate of interest in the note or contract, it draws but 6 per cent.

Mr. O'CONNOR. Is there any statutory enactment fixing the rate of interest in this State?

Mr. WALKER. My understanding is that 10 per cent. is the interest in Iowa. All notes here are drawn up at 10 per cent. That is what we call legal interest, but if no rate is specified in the note, all that the creditor can collect by law is 6 per cent.

Mr. O'CONNOR. Then 6 per cent. is the legal rate of interest, with permission to charge 10 per cent.?

Mr. WALKER. Perhaps so.

Mr. DICKEY. What proportion of the tax of this city is now paid as compared with 1870 and 1871? In other words, is the amount of property now offered for sale for unpaid taxes greater in proportion to the amount taxable than it was in 1870 and 1871?

Mr. WALKER. I think not.

Mr. DICKEY. Then the people pay their taxes now as readily as they did in 1870?

Mr. WALKER. Yes; because that is their last hope.

Mr. DICKEY. What is the result in case of a failure to pay taxes here?

Mr. WALKER. The tax becomes delinquent on the 1st of March, and has 1 per cent. added to it. The next month 2 per cent. is added, and so on till it gets to be 6 per cent. penalty. Then on the 1st of October the property is sold for delinquent taxes. An old law (which was changed by the last legislature) fixes the limit at 30 per cent. penalty. Now it is 20 per cent.

Mr. DICKEY. Then the amount of property offered now for sale for taxes is no greater than it was in 1869 and 1870?

Mr. WALKER. I think not. Those who are able to pay their taxes pay them, and those who are not able trust to Providence. If they cannot pay them at the time they are due, the property generally goes to sale, and is gobbled up by the tax-buyers. I have been treasurer of this city since 1865. The county treasurer collects all the taxes for the county, and at the close of every month he pays over to the incorporated towns the amount due to them. In 1873 I received on the 1st of March about $40,000 of taxes that were apportioned to this city. The next year I did not receive quite so much; the next year I received about $50,000; and this last year I received about $60,000. The bulk of the taxes are collected in February, March, April, and May. We were able to sink our city debt a little this year. I had been in hopes, from appearances, that we would sink it about $30,000; but I think it will not exceed $20,000. I have paid out about $22,000 for outstanding bonds within the last two or three months; but there are some additional expenses that will have to be added on account of our State fair—it having cost $7,000 to fix up a fair road—so that I do not think that my hopes will be realized in regard to sinking the debt in the present year. Last year my annual report showed a city debt of $606,000. It is now about $585,000. It is all in bonded form. Our floating debt is virtually nothing. We issued bonds last year and took up our floating debt to the amount of $175,000. On these bonds, which bear 7 per cent., we realized par.

Mr. MARTIN. How is it that the farmers here are so heavily mortgaged?

Mr. WALKER. They got in debt in the ordinary way. These debts have been incurred by investing in machinery, by improvements on their farms, and by ordinary store debts. The farmers have expected to do better every year, but their expectations have fallen short; and then they find themselves in debt. Then the parties to whom they are

indebted want their money and the farmers are compelled to raise money on their farms. Many of them have got in debt by adding additional acres to their farms and by buying farm machinery.

Mr. MARTIN. When was the bulk of this debt contracted?

Mr. WALKER. From 1870 to 1875.

Mr. MARTIN. Are there any new mortgages being recorded now?

Mr. WALKER. Yes.

Mr. MARTIN. What are the mortgages given for?

Mr. WALKER. To tide over indebtedness which has been accumulating.

Mr. DICKEY. What proportion of these mortgages is for the purchase money of lands?

Mr. WALKER. I cannot answer that question, but a good many of them are.

Mr. MARTIN. When a merchant supplies a farmer with ordinary farm supplies, does the farmer give a mortgage on his chattels to secure that debt?

Mr. WALKER. That is not common in this country.

Mr. MARTIN. But when these advances are made to a farmer by a merchant, does the farmer secure the merchant by mortgaging his crop or stock or land?

Mr. WALKER. Yes.

Mr. MARTIN. When he has not good credit the merchant requires security?

Mr. WALKER. Yes.

Mr. MARTIN. Is that a frequent occurrence?

Mr. WALKER. It is not usual.

Mr. MARTIN. But is it not frequently resorted to by the merchant in order to secure his debt?

Mr. WALKER. Yes, but our merchandizing and East merchandizing are different. If a man cannot pay his debts he cannot get credit.

Mr. MARTIN. If a farmer is involved and cannot get credit and wants supplies, he has to secure the merchant by giving a lien on something?

Mr. WALKER. Yes. I was up to the court house to-day. The recorder was out, and I asked his clerk relative to mortgages—whether they were increasing or decreasing. The clerk said that they were increasing, particularly chattel mortgages.

Mr. MARTIN. What is the cause of this increase?

Mr. WALKER. To tide over, in the hopes that the farmer will be able to meet his debt.

Mr. DICKEY. You mean by tiding over that the debtor is unable to pay at present, and that he borrows money to pay an old debt, and gives a new mortgage on his property?

Mr. WALKER. Yes; thinking that with his new crop he will be able to pay up his debt and to save his home or his chattels.

Mr. DICKEY. But every time the farmers tide over in this way they increase their debt, do they not?

Mr. WALKER. Yes.

Mr. MARTIN. You say that the remedy you would suggest is an increase in the circulating medium?

Mr. WALKER. Yes, sir; most emphatically.

Mr. MARTIN. Therefore you would recommend Congress to pass a law increasing the circulation?

Mr. WALKER. Yes.

Mr. MARTIN. To what extent would you increase it? How much more money would you have in circulation than you have now?

Mr. WALKER. I would have the bank currency withdrawn, and legal-

tender money issued instead of it. I would have $800,000,000 of legal-tender money in circulation.

Mr. MARTIN. Would that increased circulation be of any benefit to people who have their lands mortgaged, unless they had something to get the money with?

Mr. WALKER. Money is governed by the same law as all other commodities; and when the supply is great the demand is less, and *vice versa.*

Mr. MARTIN. But would that increased circulation help poor farmers in Iowa, who have their lands mortgaged, unless they had something to sell in order to obtain the money?

Mr. WALKER. I think it would. We have got something to sell here. We have our energy, our labor, and our property to sell. That mortgaged property would bring more buyers. There would be a greater demand for it.

Mr. MARTIN. Your idea is that an increase of the currency would relieve you?

Mr. WALKER. Yes. It would raise the price of property and labor.

Mr. MARTIN. You think that there is not money enough now in circulation to meet the wants of the people?

Mr. WALKER. I do.

Mr. MARTIN. And you think that that demand could be supplied by the issue of $400,000,000 more of legal-tender notes?

Mr. WALKER. By withdrawing the national-bank currency and issuing $400,000,000 of legal-tender notes in place of it.

Mr. MARTIN. Do you not call the national-bank money circulation?

Mr. WALKER. Yes; $326,000,000. But under the banking law the banks have to keep a reserve in greenbacks.

Mr. MARTIN. Would you retire that $326,000,000 of bank circulation and substitute legal-tender notes for it.

Mr. WALKER. Yes.

Mr. MARTIN. And issue $400,000,000 besides?

Mr. WALKER. No, sir. I would issue $400,000,000 of greenbacks instead of bank currency, which would make $800,000,000 altogether. That would satisfy the demand.

Mr. DICKEY. That would release the reserve fund which is now kept by the national banks and increase the circulation to that extent?

Mr. WALKER. Yes. Really, under the present law, we have not over $500,000,000 in circulation. If we had the entire amount in circulation, including gold and silver, and if all that was in service and not locked up, we would have $900,000,000 or $1,000,000,000 in circulation. If we had $1,000,000,000 of circulating medium all out and doing business and not locked up, it would make a great difference.

Statement of Mr. Owen Brownley.

Mr. OWEN BROWNLEY came before the committee. In reply to preliminary questions, he stated that he resides at Des Moines; that he is a laboring man; that he has worked in the coal mines of Pennsylvania and Iowa, and that now he is employed at laboring work in the city.

The CHAIRMAN. What is the condition of labor here.

Mr. BROWNLEY. I think that, at the present time, it is in a better condition than it was a year ago. I think it is improving. For the last four or five years it has been depressed, and especially in the coal business.

The CHAIRMAN. What is the cause of the depression?

Mr. BROWNLEY. The cause of the depression among coal-men is that there is not sufficient demand for coal.

The CHAIRMAN. Is the coal-market improving?

Mr. BROWNLEY. It improves in some part or other of the State as the population increases.

The CHAIRMAN. What is the price of farm-labor?

Mr. BROWNLEY. I understand that a farm-laborer receives $14 to $20 a month, with board—not for the whole year, but during cropping seasons.

The CHAIRMAN. What is the price of labor at any other season?

Mr. BROWNLEY. In the winter time labor can only be had about Des Moines and where there are coal-mines.

The CHAIRMAN. On the whole, you think that labor is improving from its former condition of depression?

Mr. BROWNLEY. There are not so many men out of work now as there were this time last year. One reason of that is, that there is a railroad being built here, which is employing a number of men.

The CHAIRMAN. Is there any considerable number of men seeking employment and unable to secure it.

Mr. BROWNLEY. I do not think there are any men in this city who want work and cannot find it at some place or other in the county. There are quite a large number of men employed in the coal-mines; but when the days become warm, and there is not so much coal required, there are not so many employed. Still there is always a possibility for men to get work at something else.

The CHAIRMAN. Are you out of employment now?

Mr. BROWNLEY. Just at present I am, because I am not able to work. I have been sick. I believe, however, that I could find employment if I looked for it and wanted it badly.

The CHAIRMAN. How is the farming business in this State? Is it prosperous?

Mr. BROWNLEY. I think it is, so far as those people are concerned who are out of debt. I believe that the farmers out of debt, takinginto consideration the price at which farm produce is sold and the purchasing price of money, are well off at the present time.

The CHAIRMAN. How is it as to the farmers who are in debt?

Mr. BROWNLEY. Of course it is worse for them. It is always awkward for a man who is in debt. I commenced coal-mining in Wales when about nine years of age, and I have followed it most of my lifetime since. I came to this country in 1852, and since then I have followed coal-mining about twenty years. I was in the Army part of the time and I was on a farm for some time.

The sitting of the committee at Des Moines was here closed.

TESTIMONY TAKEN AT NEW YORK.

NEW YORK, *October* 28, 1879.

The committee met in a room of the New York Hotel. Present, the chairman.

Views of Mr. Peter Cooper.

Mr. PETER COOPER appeared before the committee on its invitation.

The CHAIRMAN. The House of Representatives of the Forty-fifth Congress appointed a committee to inquire into the causes of the depression

in the industries of the country, as well as into the depression in labor. That committee pursued its investigations, and in the Forty-sixth Congress the committee was renewed. Our instructions are to inquire into the causes which have produced the depression in labor and industry—not as to whether that depression exists now, but (admitted as it is on all hands that the time has been when it did exist to a great extent) we want to get at the facts that caused it. That is the general inquiry which we wish to put to you. In the first place state your age and residence.

Mr. COOPER. I reside in the city of New York, and I shall finish my eighty-ninth year on the 12th of February next.

The CHAIRMAN. How long have you resided in New York?

Mr. COOPER. I was born here, and my whole life has been spent here in New York.

The CHAIRMAN. What has been your occupation and business during that long period?

Mr. COOPER. My business during the war with England in 1812, and just before that war, was the manufacture of machines for shearing cloth. I had learned three trades before that. My father being a hatter, I learned that trade. Then I served three years at the brewing business and three years at coach-making. Then I went to work to make machines for shearing cloth. I worked for three years at that, at $1.50 a day. I bought the patent right of the machine, and I went to work on my own hook. I was in business at the beginning of the war with England, and I worked through the war. After the war was over I could not sell another machine. Then I kept a grocery store. I bought property where the Bible House stands, and built four houses on it. Then I bought a glue-factory, and I kept that going for fifty years—till seven or eight years ago. I bought the Camden Iron Works in Baltimore. Then I bought iron works on Twenty-third street in this city. Then I bought the Trenton Iron Works and a second rolling-mill at Trenton. Then I bought three blast-furnaces at Phillipsburg, the largest in the country. I sold them, and then I bought two more in Pennsylvania and Maryland. Then I bought a place called Ringwood, containing 11,000 acres of land, and I built two furnaces there. One was running, the other was not. I have now turned over all my business to my children.

The CHAIRMAN. Give us, in a connected form, your ideas with reference to what has caused our past disasters in trade and industry.

Mr. COOPER. I will begin by saying that our great national ship of state somewhat resembles a vessel which has been driven, by force of storms and winds, into an unknown sea. The master of such a vessel, if wise and intelligent, would seize the first moment of calm to examine his charts, make up his reckoning, find out where he was, and how he could escape from his danger. We have been so driven by wars, commencing with the Revolutionary war, and we must try to find out where we are, and where our mistakes have been. Our fathers who signed the Declaration of Independence and framed the Constitution of the United States (which grew out of it), framed for us a constitution and code of laws, and based that constitution and code of laws on the eternal principles of truth and justice. When they said, "We, the people, in order to establish justice," &c., they meant what they said. They saw that that was the only possible way that they could make themselves safe. They tried a league of States, and they found it a failure. They found, as Chancellor Kent said, that to depend for the carrying on of a government on a combination or league of States was a phantom, because, without making war on each other, the States could not be made to pay up.

So that they were driven by necessity to ask what they could "do to be saved." They saw that the English Government could reconquer the country whenever it pleased if the States did not unite; so that they were driven by necessity to form a "more perfect union." That union they intended should secure and establish justice, as the only possible means by which domestic tranquillity could be secured, the general welfare promoted, and provision made for public defense. Their object was the promotion of the general welfare, and to secure the "blessings of liberty to themselves and their posterity." That beautiful preamble to the Constitution covered the whole field of a nation's wants; and it stands, in letters of light, to be read by all men, and to be admired by every one who understands it. There was only one blot on that code of laws. After our fathers had framed this beautiful constitution, two or three of the States declared that they would never enter it unless a clause was put into it allowing them to import slaves for twenty years. They were then led to consider what was to be done, whether they were to lose the results of all their labor and sufferings, or whether they would trust Providence. What they then believed would take place was that the States generally would come to the conclusion that slavery was not profitable. That was before the cotton-gin was invented by Whitney, and when the cotton-seeds had to be picked by hand, a labor that was so great that the raising of cotton could not be profitable; and it was hoped and believed that, on that account, slavery would die out by itself. The fact was that some of the States did soon afterwards abolish slavery. And so our fathers, looking over the whole ground, concluded to trust to Providence that slavery would die out of itself. Unfortunately for our country (or fortunately), this discovery of the cotton-gin was made, which took the seeds out of the cotton so cheaply that the raising of cotton became very profitable, and gave to the planters of the South that power over the country which made them feel independent of every one else, because they could send their cotton to England and sell it for gold. That went on and on, until the cotton growers felt their importance so great, and found so many advocates throughout the North of the system of slavery, that they demanded the right to spread it over the whole country, and that right the majority of the people could not concede to them. The people of the North tried every way to induce a compromise; but, failing to succeed in getting a compromise, and seeing that the people of the South were preparing for a dissolution of the Union, and were claiming the right of secession and nullification, every effort was made to see whether something could be done to avert the terrible necessity of war. While the negotiations were going on Sumpter was fired on. That united the people of the North. Seeing that they had made every effort to try and meet their Southern brethren half way, and had failed in it, the whole people of the North united to defend their rights. We fought out the battle; and the end of the war left us in a degree of prosperity that was previously unknown and unexpected. At the beginning of the war Mr. Chase said that he had $50,000,000 of due-bills lying on his table, and not a dollar to pay them with. He sent for Silas M. Stillwell, a gentleman famed for having given a great deal of attention to the subject of finance, and he advised with Mr. Stillwell and made him his confidant. Mr. Stillwell advised Mr. Chase to resort to the issue of paper money; but that was so repugnant to Mr. Chase's ideas at the time that he could not think of it.

The CHAIRMAN. Was the issue of greenback currency Mr. Stillwell's project?

Mr. COOPER. Yes, sir; that was Mr. Stillwell's project. I happened

at that very time to present my petition recommending what should be done in that dilemma, and I will read a few paragraphs from it. This was at the time when Mr. Chase said he had $50,000,000 of due-bills on his table, and not a dollar to pay them with. My petition bears date December 14, 1862. It says:

To the honorable the Senate and House of Representatives of the United States:

Your petitioner, in common with millions throughout our country, is now looking with anxious expectation, hoping that Congress will adopt a financial policy for our country calculated to bring all needed strength to the government and all possible facilities to aid the business operations of the country.

Your petitioner desires humbly to represent that a financial policy calculated to impart the greatest possible strength to the nation should embody in the forms of law all the wisdom that can be acquired from the history and experience of mankind.

Your petitioner desires most respectfully to call and fix the attention of Congress on the unmeasured consequences that now depend on a speedy adoption of a financial policy calculated to maintain the force and power of the government in its struggle for the nation's life, and at the same time to give the required stability and facilities to enable the people to carry on to the best advantage all the agricultural, mechanical, and commercial interests of the country.

Your petitioner believes that every other act of legislation dwindles into insignificance when compared with an act on which all business interests are dependant, and connected with the honor and life of the nation itself.

In view of consequences and responsibilities so tremendous, your petitioner does most humbly pray that no time should be lost in perfecting laws that will embody the highest wisdom and virtue of an intelligent people, for the people's benefit.

In the opinion of your petitioner, the Constitution makes it the solemn duty of Congress to coin money and regulate the value thereof of all that shall be known and used as money throughout the United States. The faithful performance of this duty by the government will more effectually secure the rewards of labor to the hand that earns it, and more effectually aid all the useful industries of the country, than any and all other measures that can be adopted.

All history demonstrates the fact that a proper measure of value for the property of a country must have in it an inherent value, or carry with it the evidence of real property in labor actually done; every other device as a measure of value must always give opportunity to the artful and designing to take advantage of the weak and unsuspecting, and, as Webster said, will fertilize the rich man's field by the sweat of the poor man's brow.

The assumed power of State legislatures to authorize local banks to issue bills of credit called dollars, in open violation of their Constitutional agreement, has opened a flood-gate of evil to the country, corrupting the legislatures and tempting the people into extravagance and prodigality of expenditures in their efforts to live on the borrowed promises of banks instead of their own honest industry.

Your petitioner desires most respectfully to represent that the number of local banks has become so great that it has become impossible for the wisest merchant to distinguish from the vast number of pictures called money those that are good from those that were never intended to be redeemed. In the opinion of your petitioner, the amount of loss that has fallen upon the community should not fail to receive from the only power authorized by the Constitution to coin money and regulate the value thereof that prompt and decided action so indispensable to the security and welfare of the nation. Great and lasting advantages must result to the business of the country from the adoption by the local banks of one uniform currency, secured by the whole property of the States. Such a currency, when adopted throughout the country, will become familiar and easily known and understood by the people, and will, in the opinion of your petitioner, prevent great losses by the people, and become one of the strongest bonds of union that can possibly be adopted.

After a good deal of difficulty Congress adopted the idea. Mr. Stillwell said to Mr. Chase that a paper currency could be made to circulate by making it a legal tender and by allowing a small interest on it. He said that its legal-tender quality would be the force to put it in circulation and that its interest-paying quality would be the means of keeping it in circulation. That was the plan which Mr. Jefferson and Mr. Van Buren had recommended. Mr. Chase resisted the idea. He wished to have the legal-tender currency made payable in coin, and he argued the case so long that Mr. Stillwell got out of patience and concluded he could not do anything with Mr. Chase, and came home to New York.

As soon as he got here he had a telegram begging him to come back. Mr. Chase then wanted him to see whether he could not make some arrangement with the banks to furnish money to the government. Mr. Stillwell came on and made arrangements with the banks by way of a loan; but the banks wanted Mr. Chase to draw the money from them according as he wanted to use it instead of drawing it all in one sum and putting it in the sub-treasury. Mr. Chase, however, insisted that the money must go into the sub-treasury, and must be paid in in gold. That broke up the arrangement, and the government was in a terrible dilemma for some time. Mr. Stillwell came back again in despair, thinking that his usefulness was gone. He had done all that he could to make Mr. Chase issue legal-tender money bearing interest as an inducement to help it in circulation. That was the plan which Mr. Chase had to adopt at last. The banks here and in Boston took the precaution to make a special deposit of all the coin that they had, and it only amounted to between $20,000,000 and $30,000,000. Then, when Mr. Chase found that he was cut off, and that the banks would not pay the gold into the sub-treasury, he had to take it as he could get it. He took the gold which the banks gave him, and then when the banks wanted him to take their paper money he said, "Your credit is not so good as the credit of the whole country would be, and, therefore, I am compelled to issue paper money on the credit of the people, whose property it will represent." So he did; and there is where he started. Mr. Stillwell says that they had this thing in controversy when my petition was received. If the government had adhered to the plan recommended by Thomas Jefferson (that is, to issue Treasury notes made receivable by the government for all forms of taxes, duties, and debts to the government) the war would have cost us only about one-half what it did cost us, and we would have had a currency based on the credit of the country. Currency is a tool of trade. In order to find out where we are, and how we came to be where we are, it is necessary to look at the facts just as they came about. Here was the country with its life trembling in the balance, depending on an experiment. That experiment resolved itself into an issue of Treasury notes. If I remember right, there were four different acts for the issue of these Treasury notes. The first was for an issue of $25,000,000, then for an issue of $30,000,000, then for an issue of $60,000,000, and then for an issue of $250,000,000, and the people responded to the call. That was before greenbacks had an existence. These were Treasury notes bearing interest and made convertible into bonds. Every time that they were offered in that shape there was more money offered to the government than was needed. That is a singular fact, showing that the people were determined to carry on the war, and to furnish the moneys to do it with. On each of these four occasions there was more money offered to the government than could be taken under the acts which authorized the loans.

The CHAIRMAN. Did not that run the Treasury notes to a premium?

Mr. COOPER. I do not recollect the fact. Then there was an act authorizing the issue of $500,000,000 of legal-tender money; and the government very foolishly, and very unconstitutionally (in my opinion) promised to pay what it did not possess. It promised to redeem this legal-tender currency in gold instead of promising (according to the requirement of the Constitution) to levy taxes, debts, assessments, imports, and excises in order to pay the debts of the country, and instead of receiving therefor such money as the government paid out.

The CHAIRMAN. The amount of Treasury notes issued before the issue of legal-tender notes seems to have been about $900,000,000.

Mr. COOPER. Yes; as nearly as I can recollect it was over $800,000,000. When it was found that this legal-tender currency circulated freely, and was received thankfully and gratefully by the soldier, the sailor, and the mechanic all over the country, and that it paid debts everywhere, it gave a stimulus to industry, to trade, and commerce; and the productions of the country increased instead of diminishing by the war, so that we came out of the war a richer people than we were when we went into it.

The CHAIRMAN. How was the property of the country increased?

Mr. COOPER. By the increase of productions, and by the ability of the people to produce what was wanted. The building of railroads, canals, and houses, and everything else went on to a degree that astonished the world. Then, at the close of the war, there were $830,000,000 issued to pay off the soldiers. That made up nearly $2,000,000,000 of greenbacks that had been issued. This last issue of $830,000,000 bore $7\frac{3}{10}$ interest for three years. That was in order to help the soldier who was to receive the money, and who had left his business and his home. It was in order that he might have some little help to live. The money was taken and used, and with it was purchased and bought and sold more than the value of the whole property of the country many times over before that money was withdrawn. Then came this terrible influence from abroad. We had been sufficiently warned by Sir Archibald Allison, who had seen England pass through a similar condition after the Napoleonic wars, and after twenty-five years of successful business such as had never been seen in England. Mr. Pitt thought that they could come to specie payments by the shrinkage in values of $2\frac{1}{2}$ per cent.; but they tried it on, and found values shrink 50 per cent., and Sir Archibald Allison says that it brought over England a degree of wretchedness and ruin surpassing all the earthquakes, famines, pestilences, and wars that England had ever passed through. There was nothing in history to compare with it. Sir Archibald Allison gave the warning. He said he hoped that the American people would not go into the same trap that the English had gone into; but we deliberately went right into it by the advice of English bankers, such as the Rothschilds. When Grant looked over the country and saw existing such a degree of prosperity as had been unknown before, he said in his message to Congress that the greenbacks were the best currency that our country ever possessed, and that there was no more in circulation than was necessary for the dullest part of the year. At that very time came up the effort to break down the currency.

The CHAIRMAN. What was the volume of the currency at the time that Grant used this expression?

Mr. COOPER. $2,100,000,000, if I remember right. At that very time Mr. Cyrus W. Field invited to his house, next door, the rich men of New York—Belmont, Brown Bros., and the rest. He also invited me. I found perhaps a hundred persons present. That was just when President Grant's second term commenced, and they wanted President Grant to veto the bill giving us a regular, substantial, thoroughgoing legal-tender money, such as Mr. Stanton cried over because he could not get it. We met at Mr. Field's house, and I was put in the chair to preside over that meeting. Pretty soon I found that the meeting was called for the purpose of signing a petition to President Grant asking him to veto that bill, and I was the only man in the company who refused to sign

it: That shows the power of the bankers and the dangers of such an organization.

The CHAIRMAN. This meeting, you say, was composed principally of bankers?

Mr. COOPER. Of persons who dealt mostly in money. I knew only very few of them. Then there was a meeting at the Chamber of Commerce called to stimulate President Grant to do the same thing. I was there, and I was the only one to vote against such a proposition. That was about 1872 or 1873, at the time of Grant's second election. I happened to take along with me a little article which I had written on the subject, and before I voted I called the attention of the meeting till I read that article. I was in a minority of one, but I felt so certain that I was right that I did not doubt myself, and I published a plan to get along with the difficulty, which was how to get rid of the gold brokers. I proposed that all merchants should have the privilege of paying duties in legal-tender money by adding to the amount of the duties the average difference between gold and paper during the previous month. By that means the merchants would not be forced into the hands of brokers in order to get gold to pay duties. They could pay the amount in legal-tender money. But that did not satisfy the brokers at all.

Now I come to the difficult part—to the part that is most difficult to deal with—that is, the efforts that had been made to divert the government from its true course, and to drive Congress into special legislation instead of general legislation for the welfare of the country. The brokers petitioned Congress to put in the law for the issue of legal-tender money the little word "except," by which greenbacks were made a legal tender for all purposes "except" for the purpose of paying duties on imports or interest on bonds. That little word "except" accomplished that great object. Not satisfied with that, they wanted the bonds which had been made payable in currency to be made payable in coin, and they also got that through Congress.

The CHAIRMAN. Have you any doubt in your own mind that that kind of legislation was advised and recommended by the agents of foreign capitalists?

Mr. COOPER. I believe it most certainly. There is no question of it at all. The proof of that was shown by the efforts made to get our silver money demonetized at the time that it was three per cent. better than gold. That was done, beyond any doubt, by English agencies. The command was sent over for that purpose. It was reported, whether true or not, that a committee of English bankers came over here with $500,000 for the purpose of having it done. Not satisfied with getting the bonds and the interest on the bonds made payable in coin instead of currency, they asked, as the next thing, that that coin should be made to mean gold. Then they wanted the bonds relieved from national and State taxation, and they got that. Not even satisfied with that, they then wanted to take from the common people the small fractional currency, and they succeeded in that, thereby putting a debt of $50,000,000 on the people as a compensation for taking away from them one of the greatest conveniences which they had; $10,000,000 of that fractional currency is outstanding still and never will come back to the Treasury. Not even satisfied with that, there has been a constant effort to take the small bills ($1 up to $5) away from the people, so that the people should be forced to use silver.

The CHAIRMAN. Now we have reached a point where you can branch off to the main issue. What was the effect of all these measures which

you have been talking about on the industries of the country and the wages of labor?

Mr. COOPER. It was the effect which such a course must naturally produce. It was like taking away good tools and materials from a man and telling him that he must work without them. It was like taking the straw from the Israelites of old and telling them that they must make bricks without straw. There were two things at the close of the war which every right minded man should have looked at with the greatest care. They should have said, "Here are 1,500,000 soldiers (our army and the Southern army) to be disbanded; and not only that, but here are 4,000,000 slaves to be set free." The currency of the Southern people had become good for nothing. They had no tools to work with, and they were expected to build themselves up without any tools, and with their property shrunken away to a mere nothing. Instead of helping them by keeping the currency out to its full extent, Mr. McCulloch made use of all his arts to prevail on Congress to shrink the currency. He said that in so many words at a dinner given by the Chamber of Commerce. He said that people thought that the shrinkage of the currency had taken place under President Grant, but that he took to himself the credit of shrinking up the currency. He said that under his administration of the Treasury Department the currency was shrunk more than $500,000,000—$250,000,000 positively, and more than $250,000,000 which had not yet come on the banks. I published that statement for Mr. McCulloch's benefit, and it has not been denied. It was also published in the report of that dinner that he said he had found great difficulty in persuading Senators and Members of Congress to allow that thing to be done.

The CHAIRMAN. With the knowledge that you have of the country and its trade what, in your judgment, ought to be the amount of currency in circulation?

Mr. COOPER. I could judge better by looking at the currency of different nations. France has a currency based on perhaps as sound a principle as we can ever expect to see adopted. Through all the trouble that they have had in France the paper of the Bank of France has never been more than 2½ per cent. below par at the worst of times. The French have a circulation of about $50 a head, while we have only a circulation of $14 or $15 a head; and one-half of our circulation is lying to-day in the banks and the vaults of the Treasury.

The CHAIRMAN. How do you explain the decay of our merchant marine?

Mr. COOPER. The decay of our merchant marine arises out of facts which hardly anybody considers or talks about. When Franklin was minister to England, or was in England, he was called before a committee of the English Parliament and questioned as to the causes which produced the great prosperity of the American colonies. England had become jealous of the prosperity of the colonies, and Franklin commenced to tell them the cause. He said that the causes which gave them this prosperity were the facilities which the colonial government had furnished for doing business. That was the issue of Treasury notes, that were made receivable for taxes. He said that when the people found that they had something with which to pay their taxes they were so delighted with the money that they hoarded it for that purpose. Gold and silver were pretty much out of the way, for the English Government had commanded, three years before, that nothing but gold and silver should be received for taxes. That brought on the revolution, for the people could not pay their taxes, and, as Franklin stated before that committee, the cause of the great

prosperity of the colonies was that they had used Treasury notes, and that in some of the colonies these Treasury notes had gone as high as 3 per cent. premium when they were made legal tender. When the English Government saw that the colonies were prospering in that way, it issued an order that all taxes should be paid in gold and silver. That brought on the war of the revolution. We fought that war with the help of the continental money. The States could not be bound for that money any further than by a simple promise that they should pay their quota. Finally the Constitution was adopted, and the States yielded up so much of their State sovereignty as was absolutely necessary to make us a nation.

The CHAIRMAN. That war destroyed the commerce of the country pretty much?

Mr. COOPER. Yes; it destroyed what little commerce there was. There was where our difficulty was. After the Constitution was made, the States were bound by that Constitution to make all necessary and proper laws to carry it into execution. The Constitution had said that Congress should do thus and so—that Congress should coin money, and should regulate the value thereof, and should regulate commerce with foreign nations and among the several States. That could not be done without a currency over which the government should exercise entire control. It could not exercise control over a silver and gold currency, because such a currency is always fluctuating according to the demand of foreign trade. But Congress could control what was known as continental money. That money was promised to be paid in Spanish milled dollars, but there were no Spanish milled dollars to pay it in when we got through the war. Then came up the duty of Congress to establish commerce. The first thing to be done then was to call in and recognize this continental money. It was known exactly how much had been paid out for absolutely necessary purposes, because when that money began to fail they looked at the stock lists, as they do now, to see how much per cent. it was below par; and each day, as it failed, they issued enough of continental money to make the amount equal to so many Spanish milled dollars for that day, and so it did to the end of the chapter.

The CHAIRMAN. Like the men of the West giving mortgages on their land to pay off mortgages on their chattels. That is about the illustration of it.

Mr. COOPER. Yes; that is just it. Then they established a tariff, and the moment that was done an impulse was given to the manufactures of the country. I will read you something I wrote on that subject:

In 1828 our government found it necessary to adopt what I call a true American system of free trade. It was a system of free trade that extended to all parts of our own country on all articles that are the products of our own soil or labor.

To encourage this system duties were levied on imports, that soon gave new life and energy to the trade and business of the country.

The public debt was soon paid off, and prosperity became universal.

By degrees, between 1834 and 1842, the tariff was repealed: the mills were again stopped; furnaces closed; lands fallen to half price; the sheriff at work; States repudiating their debts; the Treasury unable to borrow at home or abroad, and bankrupt laws passed by Congress.

In 1842 the national system was again tried, and in less than five years the production of iron alone rose from 200,000 tons to 800,000 tons.

Prosperity was universal; mines were opened; mills were built and money plenty, and the public and private revenues greater than ever.

Once more, in 1846, the British free-trade policy was adopted by repealing our tariff, and, notwithstanding the discovery of gold in California, money was as high as ever.

British iron and cloth came in and gold went out.

In 1857 the culmination was reached, and a crisis of ruin came on.

The Treasury was again nearly bankrupt. In three years immigration fell below the point of twenty-eight years before, and our exports fell off to a mere nothing.

Why were all these scenes of wreck and ruin brought on our country? Mr. Carey has well said, "It was because our country adopted a British policy that has drained to itself the wealth that did not resist it." The result of the two systems, as shown in contrast, is as follows: Our national system, as seen in 1810, 1828, 1842, and 1861, when labor was well paid, money plenty, immigration great, and prosperity universal.

It is well for us, the people, to look at the condition of our country during the times when we were introducing what I call the British monopoly system of free trade—when this system was allowed to operate in connection with our use of the paper money of incorporated State banks.

The consequences, as they appeared in 1817, 1834, and 1857, when labor was illy paid, money scarce, immigration declining, and bankrupts by thousands.

A system of free trade that leaves such fruit, although it may look as beautiful as the whited sepulchre of old, if it is intended to operate in connection with a paper circulating medium, it should be dreaded as we dread the presence of a pestilence.

The fathers of our constitutional government intended to guard their posterity against the train of evils that would follow all attempts to legislate a permanent value into a paper circulating medium.

THE CHAIRMAN. Then you attribute the decay of our merchant marine to our adoption of the English revenue policy?

Mr. COOPER. I attribute it to our yelding to the English revenue policy.

The CHAIRMAN. And abandoning our protective principles?

Mr. COOPER. Yes; I want to be understood as saying that the revenue policy of our country has no example in any other country, because we pay higher wages here than is paid in any other country; and we have been able to do so from the fact that we had a country of such vast extent, and that we had such a flood of immigration, reaching up to 450,000 people in a single year, and all compelled to buy at high prices and to buy land that cost us nothing. Since I have lived on Murray Hill I have been offered eighteen acres of land bounded by Fifth and Eighth avenues for $11,000. I refused to buy it because I would not go in debt for anything. I bought all the land I could pay for and still keep my business going on. A friend of my father's, who was president of an insurance company, had to sell this property, and a little while afterwards the purchaser sold part of it for $450,000.

The CHAIRMAN. What I want is your own views with reference to the decay of our commerce?

Mr. COOPER. I have summed it up in these words:

It should be remembered that the use of paper money and the terrible necessities of war have so increased the prices of all property and labor that governmental protection has been made an indispensable necessity to the amount of the difference in gold between the amount that is now required to purchase a day's labor in our country as compared with the amount that will purchase a similar day's labor for gold in other countries.

It was the failure on the part of the general government of our country to perceive and realize the fact that the use of an expanded paper circulating medium has so changed the value of all property and labor, that all exchanges have been rendered unequal to the amount of the difference in gold between the amount that is required to purchase a day's labor in our country, as compared with the amount of gold that will purchase a similar day's labor for gold in European countries.

It was the failure of our government to arrange and keep the tariff based on the difference in the cost of labor between our own and other countries that has cost the nation the loss of a steam marine that was worth thousands of millions to our country. It was a steam marine that had been nobly won for our country by the genius, skill, and enterprise of men that had earned a better fate than they had received.

There has been nothing comparable with the evils that have and may result to nations from a war of commerce. Invasion of armies is attended with waste of property, destruction of life, and suspension of all fair exchange of the products of labor; but, with the return of peace, men can again combine their efforts, and in a few years all is as it had been before. Such, however, is not the case with the substitution of foreign trade for the home commerce of the products of our own land and labor. Under

the artful and alluring fascinations of the powers of foreign trade, association for mutual benefit dies away, intellect declines, and the life's blood of a nation slowly ebbs away, rendering recovery from day to day more difficult, and closing finally in the material and moral death of a nation.

The CHAIRMAN. Would a change of our present system of revenue laws necessarily restore our merchant marine after the hard blows it has had?

Mr. COOPER. It would not, and will not, and could not. We could not maintain a merchant marine even if we got the ships for nothing, so long as we give a man $3 a day for puddling a ton of iron here, while the English only pay $1.50 for the same work.

The CHAIRMAN. Then it is to be a work of time?

Mr. COOPER. No; it is to be a work of proper legislation; and I will show you how. I should like to see such legislation adopted as will remove the evils that have afflicted the country, and that will ruin it unless we do what nature and common sense dictate should be done—that is, to establish justice as nearly as possible. Some time ago a man wrote me back in reply to one of my publications saying that of all the plans suggested mine was the only one that would accomplish the object, and that that object would "bring glad tidings of great joy" to all the people. It would make us like a city on a hill, so that all nations would take example by us. My plan was simply this—to take measures indispensable to establish justice in this way: First, Congress must require of the States to take a complete per capita census of their inhabitants.

The CHAIRMAN. That is what they are doing now.

Mr. COOPER. That is what they are doing now. Then there must be a complete census of the inhabitants of each county in each State; and then you must deal justly with the people. We know that the money which we paid out during the war, up to the day the war ended, was the people's money. It has been wrongfully taken from them, and it must be given back to them in some way, or else the liberties of the people shall be lost. Now I will tell you how this is to be brought about. The government should acknowledge the money that was in circulation at the close of the war as the people's money, and it should reissue this money to the people, giving it to each State in the Union according to its population at the rate of 1 per cent. a year on condition that each State shall promise to agree to loan that money out. It should be loaned by the State to the counties first at 2 per cent. on condition that the counties should loan it out to men having mortgages on their farms at a rate equal to the last taxation. First, 1 per cent. is to be paid to the government by the States; then 2 per cent. is to be paid to the States by the counties; and then the counties shall loan it out at 3 per cent. to people having mortgages.

The CHAIRMAN. Is there not too much machinery involved in that plan to make it practicable?

Mr. COOPER. Not at all. It can all be done in the simplest manner. A State has so many inhabitants and gets such an amount of currency from the government, and a county has so many inhabitants and gets a proportionate amount from the State.

The CHAIRMAN. Then it is a distribution of currency per capita?

Mr. COOPER. Yes, right down until you get the mortgages paid off that are now at 10 and 15 per cent. interest.

The CHAIRMAN. How is our merchant marine to be reinstated?

Mr. COOPER. It can never be reinstated till money is as cheap in this country as it is in England. It can be done when money is as cheap

here as 3 per cent. It is the rate of interest that controls the matter. We must have cheap money here to enable us to compete with England. If we have cheap money then a poor man is not taxed to death, and gets wages in comparison. The suffering of the country is caused by the debt that is hanging over the people like a millstone. See what a deliverance it would be to all the western people if they could only have to pay 3 per cent. on mortgages instead of an average of 10 per cent. Then they would see the value of their land. Now they do not see what they can do with it because they cannot pay the interest on their mortgages.

The CHAIRMAN. You have not given an exact and categorical answer to one question. You have given us a detailed statement of your views as to the prostration of business and of the diminution of wages, but you have not given us your reasons for that state of things. You spoke of the war and of the increase of values; but if there had been no war, would there not still have been a depression in the business affairs of this country?

Mr. COOPER. Yes; unless we could protect ourselves by a tariff equal to the difference between the wages paid in this country and those paid in England.

The CHAIRMAN. Then, even without the war, the catastrophe would have come?

Mr. COOPER. It would. We cannot maintain a merchant steam marine at all. If we had the ships for nothing we could not maintain it; because, with the low wages which are paid on the other side, the English could outdo us.

The CHAIRMAN. What wages do the Scotch ship-builders pay?

Mr. COOPER. Not more than one-half what we pay here. Our ship-carpenters used to get $5 and $6 a day. Wages in Scotland at those ship-yards are not over 10 or 12 shillings.

The CHAIRMAN. What are your views in regard to the system of taking up currency and putting it into national bonds? What do you think of that policy of Mr. Sherman?

Mr. COOPER. It is the saddest policy that was ever adopted. It puts capital beyond the reach of taxation, and it builds up a moneyed oligarchy in the country entirely independent of what suffering there is around.

The CHAIRMAN. You would increase the currency rather than contract it?

Mr. COOPER. I would increase it rather than contract it. I would only increase it to the amount that belongs to the people. If I had had the regulation of the issue of currency from the beginning, I would have begun with a very high currency so that it would be as valuable as the currency of any other country.

The CHAIRMAN. Then you are not an inflationist?

Mr. COOPER. I am the very opposite of it.

The CHAIRMAN. But you are in favor of as much currency as is necessary to do the business of the country?

Mr. COOPER. Yes. The government is not performing its first duty, which is to take and hold control of the currency. Congress having failed to do that, and having let high prices come into existence, is now bound to protect the people by a tariff. But now we have got to a rate of wages almost low enough to enable us to contend with foreign countries. Not quite, however, because our wages are still double what they are in other countries.

The CHAIRMAN. What is your view in regard to specie resumption last January?

Mr. COOPER. It was the most unfortunate thing that has happened to the country in a great while.

The CHAIRMAN. In what particular?

Mr. COOPER. In this particular: That there are bonds enough abroad—national, State, county, and city—to enable England at any time to put us in difficulty. It only needs the sending back of $200,000,000 or $300,000,000 of bonds to take away all our gold and silver from us.

The CHAIRMAN. Is there a marked difference in the increase of business in this city within the last six or twelve months?

Mr. COOPER. A very marked difference—an unnatural difference. I can hardly account for it. It has been produced by a single thing, the construction of the elevated railroads in this city. These roads made such a demand for iron, so unexpected a demand and wanted so quickly, that a large number of iron works had to be set going to supply the demand. That means giving employment to a great number of persons. The stock of the elevated railroads increased so wonderfully that, I believe, Mr. Tilden realized a very large profit on the sale of his stock.

The CHAIRMAN. You do not think that what is called specie resumption has had anything to do with the increased prosperity of this city, or any other part of the country?

Mr. COOPER. No, sir. My opinion is that the government has had the power always, since the war ended, of making paper at par with gold at any time by saying that it would receive legal-tender money in payment for taxes, debts, and dues of the government. Then legal-tender currency would never have been below par.

THE CHAIRMAN. What do you think of the policy of retiring the national-bank issue?

Mr. COOPER. That is indispensable. I do not believe in any money except national money—something over which the government can exercise entire control; and I should make that control as positive as the yard-stick is in regard to measures. The government can do so by just saying, "Here is this money belonging to the people. We will make it the unfluctuating measure of all values for all time, the amount never to be increased or diminished except in a *per capita* relation to the people." Then we would have a measure of the internal commerce of the country, and need not look abroad for gold.

The CHAIRMAN. Would you fix a time for the redemption of the legal-tender currency?

Mr. COOPER. It would never be redeemable at all; it would be the people's money. An ancient philosopher, Plato, said that a currency should be that thing most valuable to the state, and of no value for anything else.

The CHAIRMAN. What opinion have you in regard to the taxing of incomes?

Mr. COOPER. It cannot be done. The whole revenue of the government should be received from duties on imports; and if that source does not produce enough, then let us have a stamp act.

The CHAIRMAN. There is no provision for taxing the bonds, but there should be some power by which the proceeds in the shape of interest on bonds could be reached in the way of taxation. I want your views clearly on that point.

Mr. COOPER. The government made one of its greatest failures in not regulating the value of money; and how can it regulate the value

of money without declaring how much interest may be legally collected for the use of money? Is there any way but that?

The CHAIRMAN. It seems to me that if I had a neighbor who had $1,000,000 invested in United States bonds, he should be taxed on the interest which he receives from those bonds. I hold that a man's income should be subject to taxation.

Mr. COOPER. You could not collect an income tax, because so many persons would swear falsely to their incomes. A gentleman told me three or four years ago that he knew of $4,000,000 or $5,000,000 that had been taken out of New York, and placed in the hands of sisters and cousins and aunts, so as to keep it out of the reach of taxation.

The CHAIRMAN. But the assessor has power to put the tax-payer under oath.

Mr. COOPER. That does not make much difference. The principle of an income tax is correct, but I do not think its collection is practicable.

NEW YORK, *October* 28, 1879.

Views of Mr. George W. Dean.

Mr. GEORGE W. DEAN came before the committee at its invitation. He stated, in answer to preliminary questions, that his age is 54; that he was born in Boston, but has been a resident of New York for the last 54 years; that he has been thirty-three years in business, principally dealing in real estate.

The CHAIRMAN. Have you any clear and regular idea of the causes that have produced the disasters to the business affairs of the country and the depression in labor during the last ten years?

Mr. DEAN. Yes; I think I have.

The CHAIRMAN. State what, in your opinion, has been the cause of the disasters to business affairs and of the depression of labor for the last ten years.

Mr. DEAN. The cause of our country's poverty in employment and gold, statistics prove, was the adding of an overwhelming balance of trade debt from the year 1863 to 1873, which amounted according to official returns to over ten hundred million dollars ($1,000,000,000), an unnecessary burden and loss in employment, gold, and United States bonds, added to our great war debt. This trade debt, and stagnation of business, is the result of lowering duties to suit importers, as was the case in the years preceding the bankruptcies of 1837 and 1857, which should have been averted by increasing duties, reducing imports below trade exports. See excess of imports over exports, as follows:

Year.	Losses in balance of trade against our country.	Gain in balance of trade in favor of our country.	Loss in excess of specie exported in settlement of balance of trade.
1863	$39, 370, 818		56, 571, 956
1864	157, 559, 295		92, 280, 920
1865	76, 332, 082		57, 833, 154
1866	85, 952, 544		75, 343, 979
1867	98, 459, 447		38, 797, 897
1868	75, 483, 541		79, 595, 734
1869	131, 388, 682		37, 330, 504
1870	43, 186, 640		31, 736, 486
1871	77, 403, 506		77, 171, 964
1872	182, 417, 491		66, 133, 845
1873	119, 656, 288		63, 127, 637
1874		$18, 876, 698	38, 175, 499
1875	19, 563, 725		71, 231, 425
	1, 106, 774, 059	18, 876, 698	785, 331, 009
	18, 876, 698	People mortgaged for	302, 566, 352
Total loss	1, 087, 897, 361		1, 087, 897, 361

The way Congess restored business after the bankruptcies of 1837 and 1857 was by a very large increase of duties on imports of our kind in the years 1842 and 1861, which immediately gave confidence and employments to our producing and laboring classes.

This country's market is worth more to our industrial manufacturing interests than all the other markets in the world. Give them this, their own market, which belongs to them by right and reason, and they will have no longer any want of business and prosperity. Then the nation will save the money ($300,000,000 per annum) now foolishly paid abroad to create overproductions of goods in our market which can be as well made at home, without the loss of paying the foreign cost, as we do now. At home, the cost of production is to our country labor alone.

Foreign manufacturers desire low duties upon their goods, and are willing to pay to cause a reduction of duties for them.

No tariff is practically protective that does not give our country a favorable balance of trade, and when it does so, don't destroy that balance in our favor by reducing duties.

All creditor nations are great manufacturing nations, while debtor nations are not manufacturing nations, but borrowing and dependent nations.

Low or non-protective duties are only suitable for a people who can afford to work for the lowest earthly wages and whose country's industries cannot be usurped by foreign competition.

The overwhelming balance of trade debt created from 1863 to panic of 1873, amounting to over $1,000,000,000, is fast being liquidated by a favorable balance of trade in our country's favor. The tariff duties, if now reduced, will turn again against our country an adverse balance of trade, with all its attending evils, and before we have gained in the total amount the sum our people lost in the above-named years, by a tariff too low then, to check excessive imports over our exports. All tariffs are too low which do not give our country a favorable yearly balance of trade, whatever the rates of duty may be. The higher the duties the more completely are American industries protected and developed to the advantage of our working clases and producers of all and every other kind of American growth or production. When the mining and manufacturing industries thrive, the farmer finds better prices for his products at home than abroad and a quicker market. When either suffers for the want of demand from the other, both are made to suffer, and

all American industries should unite together as one man in defending any American interest against all foreign combinations in Congress to usurp and destroy either American employments or productions.

The free-trade league now assert and proclaim that the United States must buy of other nations if we wish to sell them our exports. This is silly argument. The United States bought from the years 1863 to 1873, panic) over one thousand millions of dollars of foreign nations more than foreign nations bought of us. We then bought more than we should, but they did not commit the same folly, and would not if we committed the same folly over again. This doctrine is better answered now by our increased sales of exports, and our large decreased purchases of imports, now giving our country a favorable balance of trade, which alone checks the foreign demand for gold, and thereby destroy the premium by removing the cause.

The CHAIRMAN. State the causes of the destruction of American commerce.

Mr. DEAN. My answer is, 1st. The acknowledgment of belligerent rights by England to the South, which permitted acts of war upon our ocean commerce, and partly destroyed it. 2d. The revolution from wood to iron for ship-building. 3d. The want of patriotism and statesmanship in our nation's law-makers in not paying a sufficient sum for mail service, as other nations have done, to sustain their shipping interest. 4th. To remedy the above misfortunes I would recommend a law to be made favoring American shipping by differential duties upon imports carried in American bottoms; this law to be guaranteed to our ship-owners for a certain number of years—for instance, ten years. This, I hold, would quickly restore our ship building industries and restore our ocean tonnage.

The CHAIRMAN. What is your idea as to the policy of an income tax as a source of revenue?

Mr. DEAN. I favor an income tax, because it is just, and falls only on those who are the most able to contribute to the support of the government; they being the ones who have received the most favors under our laws, and are the ones who really have more use of the government because possessing more of value which needs the most protection, and for the further reason that taxation should be uniform, and operate equally on all trades, occupations, business, and incomes.

The CHAIRMAN. What would be your remedy to present a recurrence of the disasters already experienced?

Mr. DEAN. The remedy to prevent the country's past ills from occurring in the future, will be in always having tariff laws that encourage economy in our imports, and encourage all kinds of industries at home; in other words, a tariff that will give the American working-people a preference in their own market over the productions made abroad, thus keeping the cost of foreign imports largely below American exports. Gold and bonds will flow from abroad, in settlement of the balance of trade in our favor, creating a supply of gold greater than our needs, and demand, removing permanently the cause and complaint of a superior value of gold over United States notes, and which would probably in time place gold, like silver, at a discount.

Tariff protection to one or many of our labor industrial pursuits against foreign competition is not (as asserted) at the expense of any other American class or section of our country, for what benefits one State or class as a member of the whole country prospers the entire nation. Protection to American employments is wholly at the expense and loss of the foreign producer, who is deprived of supplying our mar-

ket, which is that much gain to our employments—for be it remembered what would have been the foreign cost, if imported, would have been our country's loss, in money and employments, as a penny saved is a penny gained.

The South and West, more than any other section of our country, should demand a protective tariff for its own welfare and interests, to develop its yet undeveloped resources. The South and West, by manufacturing the raw products now produced by them, would every year more than double the value of their present production; capital would seek them—but not until then—as capital seeks only that part of our country which possesses enterprise. The Eastern manufacturers dread higher duties, as they would develop the South and West at the cost and loss of their trade, as living and wages are higher in the East.

A government that will not protect and develop its country's industries is either corrupt or imbecile.

Let our government give to our miners and manufacturers the same practical protection which the farmer has, and which commerce enjoys upon American waters. Both are free from foreign competition by law and circumstances. Our country's gain by exports would then exceed our needed imports by three or four hundred millions of dollars per annum. In five or ten years our people and government would be out of debt by the old-fashioned way—increase of employments and industries and saving by reduction in money costs for imports.

It will reduce the amount of work now unnecessarily done abroad for our market one or two hundred million dollars annually, and increase ours correspondingly, making a gain to our people of that amount annually.

Our country has the greatest natural resources of any in the world, and is deficient in statesmanship in making it productive.

When either of the real producers of our country's wealth, manufacturers, miners, or farmers, are impoverished by foreign competition, then all are made to suffer, because each one's productions add to the one total production of our country. St. Paul tells us "If one member is sick the whole body suffers."

A large increase of duties on foreign industries of our own kind is no increase of taxes upon our own people, but the reverse, being an increase of wealth to them, as our government requires only a certain amount of revenue for its support, which is as large under low as under protective duties. The difference and gain to our people is the increase of employment and gold, corresponding with the reduction made in the amount and gold cost of our imports.

The more free our communists in Congress are to give other nations our trade, by low duties, the less business, employments, and gold we will have for ourselves.

To reduce our unnecessary imports two hundred millions annually, being one-third, is giving our laboring and producing classes annually two hundred million dollars of additional employments.

The CHAIRMAN. State your opinion as to the currency. Should it be increased? Should the national bank-note issues be withdrawn and legal-tender money substituted?

Mr. DEAN. The currency of the people should be increased to aid and provide means to distribute a growing volume of productions and business, and to aid in developing our country's undeveloped resources, to the same amount *per capita* that France enjoys, which country possesses none too much business capital. The national bank-note issues should be withdrawn to prevent either contraction or inflation of our paper

currency, and legal-tender or United States certificates of deposit made a full legal tender substituted in their place. The national bank charters should be left undisturbed, and left to perform only their legitimate business—that of banks of discounts and deposits. The amount of currency *per capita* in the United States is less than in any other commercial country in the world. This being a younger and more extensive country, for many reasons should have *per capita* the greatest amount. In France it is $36.85; Great Britain, $23.66; German Empire, $20.64; and in the United States, $15.06. With $500,000,000 the *per capita* would be but $12 a head.

The CHAIRMAN. State whether, in your opinion, it would be right and proper for government to tax incomes as a source of revenue?

Mr. DEAN. I answer that, yes.

Mr. CHAIRMAN State whether, in your judgment, it would not be a wise policy for the government to furnish means and facilities for the poorer classes of the population of the country who are out of employment to settle upon and occupy the public domain?

Mr. DEAN. Yes. I am in favor of all that; in favor of it heartily. Only I do not know that the community is ripe for the question at present. I think that the people are greatly in want of education on that subject. The government should aid the poor as well as it does the rich. It aids railroad corporations. The Pacific Railroad would not have been built for a good many years yet had it not been for government aid. When the government stepped in with grants of money and land, and with the loan of its credit, the work was done rapidly.

The CHAIRMAN. Do you regard the agricultural interest of the country as paramount to any one particular interest?

Mr. DEAN. I think that the agricultural question takes care of itself. It cannot be "sold out" as the manufacturers can be sold out. No European interests would care to have a law to have farming products from abroad admitted here free of duty as they would like to have foreign manufactures admitted. I think that our manufacturers need assistance and protection; but instead of having it they are "sold out."

The CHAIRMAN. What I wish you to answer directly is whether the agricultural interest of the country is not of more importance than any other one branch of industry, and whether it ought not therefore have the proper means of development.

Mr. DEAN. Yes; it is the paramount interest of the country. But you cannot very well legislate so that the land will not produce. You cannot very well place other countries in competition with ours in regard to the products of the soil. But manufacturers need laws to protect their interests.

Adjourned.

TESTIMONY TAKEN AT BOSTON.

BOSTON, MASS., *November* 4, 1879.

The committee met in a room in the Revere House; present the chairman and Mr. March.

Views of Mr. H. H. Bryant.

Mr. H. H. BRYANT appeared before the committee by its invitation.

The CHAIRMAN. The object of this committee, under instructions received from the House of Representatives, is to inquire into the causes

that have produced the depression in the industries of the country, and especially in the labor of the country. We are to examine and to ascertain, if we can, what legislation, if any, Congress can adopt on the subject. Where do you reside?

Mr. BRYANT. In Boston. I have resided here since 1866.

The CHAIRMAN. What has been your business and occupation during that time?

Mr. BRYANT. I was brought up in the wholesale clothing business—ready-made clothing at wholesale.

The CHAIRMAN. Have you pursued that as your occupation ever since?

Mr. BRYANT. Yes, until the last few years.

The CHAIRMAN. State in your own way what your opinion is as to the causes that have produced the great depression in the trade of the country within the last several years.

Mr. BRYANT. It was produced by a change in the value of money—the medium of exchange. It could not be done in any other way.

The CHAIRMAN. How?

Mr. BRYANT. There never was such a thing as a general fall in prices unless it was produced by changing the quantity of the money. There never was such a thing in the history of mankind as a general rise in prices unless it was produced by a rise in the quantity of money.

The CHAIRMAN. Has the contraction of the currency been the cause of the difficulties that have occurred from time to time in this country for the last fifty years?

Mr. BRYANT. It always has been so—sometimes it has been by the exhaustion of gold and silver mines, and sometimes it has been caused by the destruction of paper money that was in use. All depressions in all ages have been caused by changing the quantity of the money.

The CHAIRMAN. Give your reason.

Mr. BRYANT. The reason for it is this: When the money is appreciated by the contraction of its quantity, that necessitates the giving of a greater amount of labor, of the products of labor, in the payment of debts. As all wealth must be produced, it is evident that any change in money which requires the producer to give more of the product of his toil in the payment of debts is an injury to him, and any hardship of that character to the producer falls on the entire remainder of society, for the reason that more and more of the product of toil goes to the capitalist in the payment of debts, leaving less and less for the remainder of society. On the other hand, increasing the quantity of money (which necessitates an increase in prices) enables the producer to pay his debts or the debts of society (because the producer pays all debts) with less and less of the products of his toil, thereby leaving more and more in his hands for the patronage of general society. That makes good times, good trade.

The CHAIRMAN. The difficulties in this country seem to have commenced about 1873. Explain the causes of their commencing at that time.

Mr. BRYANT. My explanation of why the panic or revulsion of 1873 took place subsequently to the time when the greatest contraction in the volume of money was made, is this: As the government contracted the money (converted it into interest-paying bonds), private credit came forward in the place of the government credit that was withdrawn. Hence we see that the loans of the national banks in 1865 stood at some three hundred and sixty million dollars, and in 1873 this use of private credit (to take the place of the government credit which had been withdrawn) swelled the loans of the national banks to nearly one thousand millions.

The expansion of private credit for the time filled the gap caused by the contraction of government credit. When private credit could not span that gap any longer, we had the panic. There comes a time always when men are asked to pay their debts, and when that time comes, if there has been a great contraction of the money, it necessitates what we call a commercial revulsion. There is no money to pay debts, and there is a great smash throughout the country, business having been carried on by credit taking the place of money. Every merchant is familiar with this truth that in 1863, 1864, and 1865, the business of the country was done either for cash or for short credit, and when the merchant's note was due in those years it was promptly paid. There was abundance of money to enable this to be done. But as the government commenced contracting the money, the merchant found year by year that instead of paying his note with money he had to pay it by making a new note, and this process was kept on; the merchants kept getting deeper and deeper into debt with the banks, until, as I before said, the time came when the merchant was actually asked to pay his note in money; and when he was asked so to do, he found that there wasn't enough money in existence to do it, and then came a great panic. Therefore, when private credit was no longer able to sustain high prices, the high prices came down to the level of the money and of the credit that was left.

The CHAIRMAN. Then it was the contraction of the currency that was the beginning of the difficulties in the industries of the country?

Mr. BRYANT. Certainly.

The CHAIRMAN. How would you restore prosperity to the industries of the country?

Mr. BRYANT. The only honest way to deal with the people is to issue money until the purchasing power of a dollar in the United States is placed at the same figure that it had when the debt was made. Just as long as it takes a man more hours to toil, or takes more of the product of his labor to pay the debts, public and private, which he made in past years, just so long is general society robbed for the benefit of the money loaner and to the detriment of the producing portion of society.

The CHAIRMAN. To what extent would you increase the currency in order to meet the objection?

Mr. BRYANT. It should be increased so as to place the purchasing power of a dollar where it was when the debt was contracted. Anything else than that is robbery.

The CHAIRMAN. You would not limit the amount of legal tenders to any certain figure to be issued, in order to meet the difficulties?

Mr. BRYANT. That is a different question. In the first place, the amount of currency (as I have already stated) should be sufficient to enable the labor of the country to pay the debts, public and private, with the same amount of labor, or of the products of labor, as would have been sufficient when the debt was created. And so on in the future. The volume of money should be kept from time to time at a point which would forever guarantee that a debt made at one time (whether public or private) can be paid at any subsequent time by the same amount of labor, or of the products of labor, that would have paid it at the time the debt was made.

The CHAIRMAN. How can that be accomplished?

Mr. BRYANT. It never can be accomplished under a system of gold and silver money, or of any other kind of money that can flow from one nation to another. The only possible way to accomplish it is to give a nation a domestic money.

The CHAIRMAN. A currency of its own?

Mr. BRYANT. A currency of its own, which remains at home and which cannot be exported or imported.

The CHAIRMAN. Would you have all such currency bear the stamp of the general government?

Mr. BRYANT. I believe that it should be issued by the government, and by no one else. I think it barbarous to leave the control of a people's money in any other place than in the hands of the people's representatives. I believe that the control of the people's money should never be in the hands of any class or corporation whatever. I believe that the control of a people's money is as important to a people as is the control of its liberties, and that it should be guaranteed to them in the same manner as their liberties are guaranteed—by the organic law of the land. Under the Constitution of the United States I am a free man, even as against myself. I cannot sell myself into slavery. If I make such a writing, it is void. It should be the same way with the money. Neither I nor any other man should have any control over it.

The CHAIRMAN. What would you do with the banks of the country under this view that you express?

Mr. BRYANT. I am utterly opposed to banks of issue for the reason that I have just stated. Banks of deposit and discount are beneficent institutions, but banks that can increase or decrease the volume of a people's money are about the greatest curse that can be inflicted on a people.

Mr. MURCH. They increase or decrease the value of the people's products.

Mr. BRYANT. Yes, sir. You can see that truth by looking back only a few years and looking at the present state of things. A few years back, the money power was engaged in contracting the currency, reducing the price of labor and of the products of labor without reducing the debts to be paid in the least particle; it was done (they said) because the mercantile and all other classes of society wanted a fixed value given to money, and they said that this could only be accomplished by getting back to what was called a gold basis. They said that a gold basis would give us stability of prices—something reliable, which men could depend upon. In my judgment, the principal leaders of that movement knew that they lied when they put forth that claim, because there is not a political economist in either hemisphere who has not taught for nearly one hundred years that such is not the truth. We can see that they are right, and that the men who put forward these claims were at least in error when we look at the present state of things in this country. We are now on what is called a gold basis.

The CHAIRMAN. Supposed to be.

Mr. BRYANT. Yes. Gold has come into the country to the extent of nearly sixty millions within the last four months, and is still flowing into the country. The national banks have increased their circulation some fifteen millions since December last, and they are constantly increasing it. And what is the result? Has the gold basis given us the steady prices which it was claimed it would do, and in which every merchant and business man is so much interested? On the contrary, this steady influx of money, present and prospective, has made such a rise in prices, and is so to raise prices, that it has converted us into a nation of gamblers from one end of the country to the other. In my opinion, the men who contracted the currency of the country did so for the purpose of getting possession of the railroads, real estate, bonds, stock, and all forms of property, to the extent of some thousands of millions, at

nominal prices, bankrupting a large part of the population of the country; and they are now engaged in swelling the volume of money, which must inevitably swell prices, until these monied men can throw the property back upon the people at its enhanced value. The difference between the robbery price at which they bought it and the swindling price at which they sell it is the measure of their ill-gotten gains.

The CHAIRMAN. Do you think there was a concert of action employed to produce this state of things?

Mr. BRYANT. There can be no doubt that there was a concert of action.

The CHAIRMAN. By whom?

Mr. BRYANT. By what we call the money power. That there was a concert of action is proved by the fact that the Associated Press, one of the most iniquitous and dangerous monopolies that at present crush this free people, unanimously supported and argued in favor of the financial legislation which has crushed and robbed this people. And, inasmuch as their teachings are utterly opposed to the teachings of all political economists regarding money, it is evident to my mind that nothing but a concert of action could have accomplished this. Five hundred newspapers do not agree upon any other question in politics or religion; and the fact that they do agree (and agree as against economists) in regard to the question of money is evidence to my mind that it is a conspiracy.

Mr. MURCH. Is not the fact demonstrated by the very name—"Associated Press"—that there is a combination?

Mr. BRYANT. It is. You cannot get into that association for love or money.

The CHAIRMAN. Is money at the foundation of this concert of action on behalf of the money power and the Associated Press?

Mr. BRYANT. In my judgment, it is. Some of the greatest and most far-seeing capitalists of the country, such as Mr. Vanderbilt and others, obtained control a few years ago of the Western Union Telegraph Company, which has a monopoly of telegraphing in this country. It was easy for them to see that in controlling the telegraph they could control the daily newspaper press of the country, and that in controlling the press they controlled the greatest public teacher ever known to earth. And it seems clear to me that anyone who has watched the course of the Associated Press in regard to the financial legislation of the country cannot fail to see that it has gone forward on a well-matured plan, which I call a conspiracy, and which has been solely in the interest of capital as against labor.

The CHAIRMAN. Who handled the lever? Has it been done by politicians or by bankers and monopolists?

Mr. BRYANT. I say that some of the greatest capitalists have done this thing, and I have mentioned Vanderbilt and others. They have done it in the interest of capital.

The CHAIRMAN. You made a remark conversationally a few minutes ago, that you had nothing to do with politics and that you took no interest in them.

Mr. BRYANT. I came of age barely in time to vote for John C. Fremont for President, and as a young man I took an active part in that canvass. I was also an enthusiastic supporter of Abraham Lincoln in 1860, and I voted for him again in 1864. Since that time, if my memory serves me right, I have never cast a ballot nor taken any interest in politics or political parties.

The CHAIRMAN. State what effect on the price of wages this contraction of the currency, and those other matters that you have spoken of, have had.

Mr. BRYANT. The *modus operandi* by which the contraction or expansion of the money of the people affects the producer and affects prices is this: When the money of a country is being contracted in its volume, prices of all things are necessarily falling, and this fall in prices must inevitably continue so long as the shrinkage in the value of money continues. If a man is called upon to pay his debts by giving more and more of the products of his labor for the given amount of money which is necessary to pay his debts, it is plain that he is made to suffer for the benefit of the creditor, because while the creditor obtains no more dollars than were agreed to be paid to him, it is nevertheless true that the dollars that are paid to him buy more and more of the wealth which labor produces. On the other hand, when the volume of the people's money is increasing and prices are rising (as they necessarily must), the debtor is constantly obtaining more and more dollars for less and less of his labor, or of his productions, and of course he is benefited while the creditor suffers. This increase of money and prices produces what is known in business parlance as good times. The explanation of it is this: The creditors of society are the few, while the debtors are the many. The proportion in this country is probably about five creditors to ninety-five debtors. This being true, it is plainly seen that any manipulation of money which makes it easier for the debtors to pay their debts makes good times for ninety-five people and hard times for five people out of every hundred throughout the country. And when ninety-five people are prosperous and only five are suffering out of every hundred persons in the country, we have what is called good times. But on the other hand, under a contraction of the currency, ninety-five out of every hundred persons are suffering by the fall in prices, while the remaining five are being enriched. And when ninety-five people are suffering, and only five are prospering out of every hundred, it needs no argument to demonstrate that those would be pretty hard times. Many short-sighted people are deceived by saying that they owe no debts; but it is true that almost every citizen owes his proportion of the city or town debt in which he lives; owes his proportion of the county and state and national debts, and is, therefore, a debtor to that extent, although he may not owe a cent individually. Then, in these calculations, it must be remembered that many millions of people owe private debts, and that, according as it takes more or less of their labor, or of the products of their labor, to pay those debts, in the same proportion they will be forwarded or restricted in the extent of patronage which they can extend to general society. The foundation of all these matters is to be found in the fact that all society is sustained by the actual producers, and that the producers pay all debts and taxes of every name and nature. To illustrate: take a national banker or a merchant, or a man in most of the professions. He is not a producer in any sense. Any of these persons may say that he pays the taxes on his house, or the rent of his house (if he be not its owner), and that he pays for his food and raiment; but that is not true. He produces not one penny of the wealth which supports and sustains him. All that is done by the farmer, the artisan, and the other laborers. From them, as I have said, all society receives its support. I might liken the producers of the country to a great reservoir, out of which the remainder of society draws its support. Hence it is plain that any manipulation of money which obliges these producers to give more of their products in the payment of debts of society (and it must be borne in mind that they are the sole source from which the debts can be paid), must necessarily be an injury to every person in society except those few per-

sons who, as I have before said, are not more than five out of every hundred, and who are benefited by this increase. This reservoir (if I might liken it to water) turns a great many wheels, and if it be borne in mind that there is only a certain quantity of it at one time, it is plain that any manipulation which would turn a double quantity of water on one of the wheels would leave just so much less for the others.

The CHAIRMAN. What is your opinion as to the justice and propriety of an income tax?

Mr. BRYANT. I am in favor of a graduated income tax. I believe that the civilization of some future time will be one in which the millionaire non-producer will have no more place than a nobility has in American society. I believe there will come a time when this country will not submit to such a thing as a Vanderbilt or an Astor any quicker than it will submit to be ruled by a despot.

The CHAIRMAN. Do you base the opinion which you have just expressed on the fact that in this country money is the badge of nobility?

Mr. BRYANT. Hardly that. My idea is that if no man has more than he produces (and it is hard to see how he would have a right to that which he does not produce), it will be impossible for him ever to be a millionaire. We have millionaires now because we have a system of society which permits one man to reap vast amounts of labor, produced by other men, to his own benefit and enrichment. The world over, men of great wealth are those who never produced a single farthing of it. The world over, the men who have no property except that which they created by the labor of their hands, are men who are either very poor or who have but a small amount of property. In our present civilization we have reached the point where men are agreed that physical might is no longer right, and I do not doubt that some time in the future we shall reach that other and far-reaching truth, that mental might does not make right. In some small way we recognize that truth now. No community would justify a Webster in overreaching an idiot in any trade, although it is a fact that the whole business of the country is to-day conducted on the principle that it is perfectly just and right for a man possessing great foresight and judgment to overreach his neighbors in any business transaction (I mean overreaching them through foresight and judgment), and by so doing obtaining for himself the best of a bargain.

The CHAIRMAN. That is on the principle of one man robbing another and calling it business?

Mr. BRYANT. Yes.

The CHAIRMAN. How are you going to change that? Can it be done by law?

Mr. BRYANT. No; I think it will be the outgrowth of time, just as we have done away with the theory that might makes right.

The CHAIRMAN. Then you give us as the result of your examination, that, in your judgment, we want less contraction and more currency?

Mr. BRYANT. In my judgment, neither the American people nor any other nation will ever be able to escape from what is known as hard times or commercial revulsions until the volume of money is controlled by the government, and is issued solely by the government—on a plan which shall forever keep the purchasing power of a dollar as nearly at a fixed point as possible—and it is possible to do so quite nearly.

The CHAIRMAN. Would you make the legislative power the sole judge of that?

Mr. BRYANT. I would not give the legislative power any control whatever over the money, for it would be about as bad to have the volume

of money controlled by Congress as to have it controlled by the banks. What we need is an amendment to the Constitution which shall provide that the money shall be issued solely by the government—that no other money shall be used in the country. In order to keep this money so to be issued at something near a fixed value from one decade to another, it would be necessary probably to provide for a bureau or board of commissioners, whose duty it should be to take, say one or two hundred articles of American production, and to keep their average price from year to year. At any time that the average price of these articles was sinking, it would be evident that the value of money was appreciating, thereby requiring labor to give more of its production for the payment of all debts than was justly due; and in that event, this constitutional amendment should make it mandatory on the Secretary of the Treasury to issue sufficient money to raise the average price of those products to the standard provided for. I wish to call attention here to the fact that the issue of money by the Secretary of the Treasury would be in no sense and in no degree optional with him, but would be entirely of a mandatory character, and that any disobedience by him would subject him to impeachment.

Mr. MURCH. Would that money be necessarily gold or silver?

Mr. BRYANT. No, sir. I regard the use of gold and silver for money as a mere relic of barbarism and as idiotic for the present civilization. There is no reason for it and no man can give any reason for it. All economists the world over are unanimous in agreeing that the value or purchasing power of money is fixed by the question of its own quantity and of the quantity of the uses which employ it. Hence it is sheer folly to speak of giving money some certain value by making it of any material, for whether it be made of the most precious material (gold) or the most worthless which the mind of man can imagine, its value or purchasing power in either case must inevitably and absolutely depend upon its quantity and on the quantity of uses employing it.

Mr. MURCH. What do you understand by honest money?

Mr. BRYANT. The talk now-a days about "honest money," I regard as one of the greatest frauds that ever entered into the politics of this country. The men who have said that they wanted honest money have not been honest themselves. All men agree that the value or purchasing power of money depends upon its quantity, and on the quantity of uses for it. Hence it is evident that there can be no such thing as honest money unless by providing that the quantity of the uses for money shall govern the quantity of the money, and inasmuch as those men who talk so loudly about honest money have never made the slightest pretense to provide means whereby the money should increase as the uses for it increase, and thereby adopt the only possible means of giving money a constant value, it is evident that they never intended we should have honest money. What these men wanted in getting back to a gold basis was that we should have dishonest money, but as it would be fatal to their plans to tell the people that they wanted dishonest money, they very adroitly call it honest money. As I have before stated, any system of money that permits its exportation and importation is necessarily dishonest. Take gold, for instance. As it flows from Europe to this country (as it is now doing), the purchasing power of gold in this country is actually depreciating, while its purchasing power in Europe is actually appreciating, so that we see that a money made of one and the same material is losing in its purchasing power in the country into which it is being imported, while it is gaining in its purchasing power in those countries from which it is being exported. These men want a fluctuating system of money. A fluctuating system of money is in favor

of the intelligent far-sighted capitalist, and is oppressive and ruinous to all other classes. The capitalist foresees that there will be a contraction of the money (whether by law or by the exportation of gold and silver) and immediately shapes his affairs so that his capital is put in the form of obligations calling for dollars, as he knows that the contraction of their quantity will constantly raise their value. His foresight at a later date enables him to see that the tide is to turn, and that the quantity of the money is to increase, producing a rise in prices, and he then shapes his affairs so that instead of holding obligations calling for dollars, he disposes of them and invests in property, to be sold in its turn when the highest tide of inflation has been reached.

The CHAIRMAN. Have you any reason to believe that a legal-tender dollar, such as we have in circulation now, is not an honest dollar?

Mr. BRYANT. A money that is made legal tender simply, is not necessarily honest money, nor can any money that is not a legal tender be honest money. Honest money must necessarily be a full legal tender for all debts, public or private, within the jurisdiction of the government that issues it. But that alone will not make it honest. The law must also provide for keeping its purchasing power at a fixed point, as I have before stated. The two things go together—its legal-tender quality and the permanency of its purchasing power. You cannot make a money honest by making it of any material whatever, nor by restricting its issue to any one source.

The CHAIRMAN. Is the legal-tender greenback such as we have now in circulation as honest money as a gold or silver dollar?

Mr. BRYANT. The legal tender greenback which we have now in circulation is more honest than any gold or silver piece of money ever coined. And it is so for this reason: the greenback legal-tender money that we now have was made by society, solely in the interest of society, no man or body of men deriving any special benefit from it; whereas money that is made of gold or silver is in the direct interest of those who own the gold and silver mines of the world, and in the interest of the great capitalists who manipulate it.

The CHAIRMAN. Is not the present legal-tender note honest money for the sole reason that it has the indorsement of the nation upon its back?

Mr. BRYANT. I should say yes, and for the reason that it was issued for the sole benefit of society.

The CHAIRMAN. Do you believe in the necessity of the redemption in gold and silver of currency issued by the general government, in order to give it character?

Mr. BRYANT. I do not. I believe that a monetary system which contemplates the issue of paper money to be redeemed in specie is the most pernicious system of money ever invented by man (and there have been many kinds). It is more than that, it is a great humbug.

Views of Mr. David J. King.

Mr. DAVID J. KING came before the committee at its invitation. He stated in reply to preliminary questions that he is a resident of Boston, and has resided here for 17 years, and that his business has been hat and bonnet bleachery — the whitening and manufacturing of straw goods.

The CHAIRMAN. Are you largely engaged in that business?

Mr. KING. Not very largely; I employ sometimes 15 or 20 hands.

The CHAIRMAN. Of course you have had, since 1873, many disastrous results in your business?

Mr. KING. My business, like every other business, has followed the general fortunes of the country.

The CHAIRMAN. Has there been a very general depression here in manufacturing and mercantile pursuits for the last ten years?

Mr. KING. Very largely so.

The CHAIRMAN. When did you find it commence so as to make itself felt?

Mr. KING. In 1873, as nearly as I can recollect.

The CHAIRMAN. And it continued until when?

Mr. KING. In my business it continues until the present time.

The CHAIRMAN. Your business is still in a state of depression?

Mr. KING. Yes, sir.

The CHAIRMAN. State in a general way your conclusions as to the causes that produced that depression.

Mr. KING. I regard the depression as being almost entirely the result of financial mismanagement. Of course there are other causes; the introduction of labor-saving machinery is a factor. But the main cause, and the one to which all other causes are incidental, is the contraction of the currency. We had, as you know, a large volume of money at the close of the war, and that volume was largely contracted.

The CHAIRMAN. We had some two thousand millions at the close of the war, including Treasury notes.

Mr. KING. Yes; that volume was very largely contracted. It is sometimes said that the contraction of the currency cannot have been the cause of our hard times because the contraction had ceased prior to 1873. That is largely true, but the use of the money which had been withdrawn was supplemented by the bank credits, and thus we were carried along until 1873 by the use of private credit until the strain could be borne no longer, and in 1873 the weakest men or the weakest institutions went to the wall, and the consequence was a general financial crisis. That continued until a year ago last May (and even after that), when we stopped the contraction of the money by stopping the destruction of the greenbacks. In my judgment the cause of the depression of labor and industry during that period was the contraction of the currency, and I will endeavor to describe the process by which the bad effect has been produced. Of course the moment you reduce the volume of money you increase its purchasing power. The moment you increase the purchasing power of money you reduce prices and you cause a loss to every man who is manufacturing goods. The raw material shrinks on his hands. He endeavors to save himself from loss by reducing the pay of his employés, and he does so so far as he can; but from day to day the process goes on, the shrinkage in value continues, and the employer is forced to reduce the price of wages in order to save himself. A general paralysis results, from the fact that capital cannot be used profitably. Under our present institutions when capital cannot be profitably employed labor will be idle. It is impossible, of course, to continue contraction, the shrinkage of values, and the throwing men out of employment (thereby lessening their ability to resume) without producing very serious consequences on the whole community. The effect upon the labor of a country of contracting the volume of money can hardly be understood except by a student of finance. The volume of money governs its value regardless of the substance out of which the money may be composed. Money does not measure value; it simply acts as a common denominator of value; and as you reduce the

number of dollars in circulation, you increase their purchasing power. Our legislation for the last ten years has been such as to constantly increase the purchasing power of money, producing such conditions as to render the profitable employment of capital impossible, and, of course, rendering it impossible to give employment to labor. This process will continue so long as the process of contraction continues, or until you reach hard-pan. Now hard-pan may be reached under a system which permits the use of gold, silver, and paper money, or under a system which permits only the use of metallic money, or of gold alone. If we had carried out the original idea of resumption, we should be on the road to hard-pan to-day, and should not have reached it for some time yet, for the purpose was to effect the entire destruction of our greenbacks and to reduce our system of currency to a gold basis. The contraction stopped a year ago last May by Congress prohibiting the further destruction of our greenbacks. The same Congress authorized the coinage of from two to four millions of silver dollars per month. That, together with the large crops we have been able to export, and with the fact that Mr. Sherman was forced to recognize the greenback as a legal tender at the custom-house in order to carry out the proposed plan of resumption, together with another and still more important factor in the case, viz, the large amount of money which remained idle and did not enter into circulation, and therefore had no effect on prices, has brought about an increase of values through an increase of the volume of our currency. In order that I may be clearly understood, I would like to say here that the cardinal principle on which all financial matters rest is that the number of units in circulation establishes the prices in the country. When we are contracting a currency (as we have done in the past), the amount of money that is in actual circulation alone tends to fix the prices of our different articles; but always, when we are contracting a volume of currency and increasing its value, there is a large, and as you progress a still larger, volume of money that remains idle, for the reason that as you increase its value or purchasing power it is profitable for it to remain uninvested. The best thing you can do with money in such circumstances is to put it into government bonds, or, if you cannot do that, to bury it. The increase in its purchasing power consequent on contraction will increase its value more than the ordinary rate of interest. For that reason our currency for many years has been quietly withdrawn from business enterprises; for, if money was lent to a man in actual business life, the probability is that with the decrease in value of the raw material, and with the increase of the purchasing power of money (which is constantly augmenting), he would lose his money and become bankrupt. Now things are changed. During all this period of contraction men were anxious to get rid of property for money, because it was money in which the increase was to be found. When the destruction of money ceased, its purchasing power ceased to exist. As Mr. Stevens once said, an unproductive dollar is a sore disturbance in a miser's pocket. So long as this process of contraction went on, men could hoard their money and make a profit by doing it. When that ceased, then, in order to make money profitable, they had to put it in productive enterprises. Gradually this is being done. The increase of values consequent on all these acts (that is, on the stoppage of contraction, the coinage of silver, and the bringing into circulation the money which was lying unused in the vaults of the banks, and in private hands) has increased prices; and to-day every one is quite as anxious to get rid of his money in exchange for property (as property is

the thing that is now increasing in value) as he was anxious during this period of contraction to exchange his property for money.

The CHAIRMAN. Do you include real estate in the use of your word property?

Mr. KING. Yes; but the rise in value has not yet reached real estate. An increase in values is first felt in articles of daily consumption, and the last thing to be reached in the rise of prices is real estate. The increase of values, therefore, is only just beginning to be felt in real estate.

The CHAIRMAN. Has it commenced?

Mr. KING. It has commenced. Property has been sold in this city at increased prices. It is a logical result of the basic proposition that the quantity of money determines its value that the present increase in the volume of money resulting from these causes, and an increase in the quantity of money from the national banks, should produce increased prices.

The CHAIRMAN. You speak of a commencement of better times in the general business affairs, as well as of increase of values in different kinds of property, including real estate. How is it in regard to labor? Is labor in a progressive condition?

Mr. KING. In labor, as in real estate, it is not felt yet. Wages are about the last thing that an improvement in prices reaches. As yet our laborers are not fully employed, although there are many more employed than there were; and, until business reaches a point where the laborers are all employed, and where competition commences, wages will not especially increase, although a larger number of men will be employed. When the manufacturer finds that his raw material is increasing on his hands, that his products are increasing in value, and that the sooner he gets his goods into the market, and that the more of them he gets the better, then he begins to be anxious to manufacture a larger amount of goods, just as many as he can find a sale for. The general increase of prosperity in the country which enables men to consume larger quantities of goods, of course allows the manufacture of more goods, and the upward tendency has precisely the contrary effect from what the downward one had.

The CHAIRMAN. It appears that in the last four months there has been an unusual amount of gold imported into this country. State whether, in your judgment, that is going to be a permanent, lasting thing or not.

Mr. KING. Our importation of gold has been the result of the exportation of large quantities of wheat and corn principally (made necessary by short crops in Europe), and the importation of gold will continue in all probability for some time to come.

The CHAIRMAN. Do you mean for years or for months?

Mr. KING. I should not undertake to state, except that it will continue so long as the present conditions exist of a demand for our cereals and other things which we have for exportation. I have no doubt that we are entering on an era of high prices, which will be followed by large importations, and by the withdrawal of the gold on which our currency largely rests.

The CHAIRMAN. To come back to the labor question. Have the wages of labor increased in the same ratio with the improvement in industries and with the increased prices of commodities?

Mr. KING. No, sir; they have not; because, as I have said, labor is among the last things that an increase of prices reaches. As yet the laborers are not fully employed, and until they are fully employed there

will be no competition in the labor market, and therefore no increase in wages.

The CHAIRMAN. Then there is comparatively little, if any, increase in the price of wages now as compared with the last five years?

Mr. KING. Very little. The only improvement is that more laborers are employed.

The CHAIRMAN. Is the improvement going to reach wages?

Mr. KING. It certainly is.

The CHAIRMAN. Provided this state of things continues.

Mr. KING. It must continue until a certain point is reached in prices, and long before that point is reached in prices labor will begin to have its comparative share in the improvement.

The CHAIRMAN. Have you a surplus of labor in this city? Have you more men here than can find employment?

Mr. KING. Yes, we have to-day.

The CHAIRMAN. Then in that event this increase in the price of labor cannot be realized.

Mr. KING. Not until the laborers are fully employed.

The CHAIRMAN. What do you understand by honest money?

Mr. KING. I understand by honest money a money which is constant in its purchasing power—a money which will buy the same amount of produce, or hire the same amount of labor, in a year or two years from to-day that it does to-day.

The CHAIRMAN. You do not discriminate, then, as to whether the money be coin or paper money? The idea is entertained that legal-tender money is not honest money because there is no time or place fixed for its redemption, and because it has no gold or silver for a basis.

Mr. KING. The only honest money that it is possible to have is a money issued by the government alone, possessing no intrinsic value, and maintained in such quantity as shall keep the relationship between money and its uses constant.

The CHAIRMAN. How would you do this?

Mr. KING. I would replace our national-bank circulation by Treasury notes. I am not one of those who believe that the quantity of money is so very material. We should then have seven hundred and fifty millions, or thereabouts, of legal-tender notes in this country. The prices of the great staple articles of the country are what they are because the volume of our money is seven hundred and fifty millions. You want a system which will keep the prices of fifty or a hundred of these great staple articles of the country just where they are. And I would do it in this way: I would have a commission (as Mr. Bryant has suggested) appointed whose business it should be to ascertain the current prices of fifty or a hundred of the great staple products of the country (as many as would be necessary to definitely settle the question). I would have that commission watch the loans and discounts of the banks, and know how much of the change in prices was consequent on the use of credit and how much was consequent on the use of legitimate money. Then it should be the duty of the government to issue money (never contracting it—money should never be contracted) so as to keep the relationship between money and property alike—which would be disclosed by the condition of prices. This would be an arrangement which would be almost automatic. The prices would disclose the amount of money necessary to maintain equitable prices.

The CHAIRMAN. Would you issue this government money on the credit of the nation alone, without having any specie basis for its redemption, or any time for its redemption?

Mr. KING. I would issue it and make it absolute money, never redeemable. I would make it a legal tender for all debts within the United States.

The CHAIRMAN. Is it your opinion that incomes should be the subject of taxation?

Mr. KING. Yes; I favor a graduated income tax.

The CHAIRMAN. Why?

Mr. KING. I believe that the burdens of government should be borne by those who are best able to bear them.

The CHAIRMAN. You do not think that the producer should bear all the burdens of the government and that the consumer should escape?

Mr. KING. As Mr. Bryant has explained, the producer really has to bear all the burdens of society. The millionaire to-day shifts his share of the burden on the producer. By a graduated income tax, when the property of a man who has $100,000 is taxed twice as much as that of a man who has only $50,000, then the richer man has got to go into the market in competition with a man who has not to pay such a tax upon his property. Therefore you get something out of the millionaire which to day he continues to shift on the producer.

The CHAIRMAN. What are your ideas in regard to the question of protection in the way of a tariff?

Mr. KING. I favor a protective tariff. With such a system of currency as I should desire, a protective tariff would hardly be necessary. An American system of finance would obviate to a large extent the necessity of a protective tariff. Then it would be an exchange of goods with an unexportable currency.

Mr. MURCH. Do you want to bring our labor into competition with European labor?

Mr. KING. No; but that very fact would prevent it to a large extent. It would be necessary, of course, even then, to protect certain industries; but the very fact of having a non-exportable currency would protect very many industries that are not protected now. With a metallic system of money (as I explained a few moments ago), other countries can sell their goods to us and take our money in payment, but under a non-exportable system of money they would be forced to exchange goods for goods. It was necessary to protect our infant industries by means of a tariff, but it is by no means necessary to have so large a protective tariff or to have so many articles protected as we have to-day.

The CHAIRMAN. You employ men and have been employing them for years, so that you are practically acquainted with this question of labor. In your judgment, what ought to be the number of hours to constitute a day's work?

Mr. KING. That is rather a difficult question to answer. If a law could be so framed as to apply to every State in the Union, making eight hours a day's labor, that law, under the existing system, would be a benefit to the laboring classes. But I favor a change of system, and I should look for an improvement in the condition of the workingmen rather by the changing, radically, of our present industrial system than through any attempt to control the hours of labor under the existing system.

The CHAIRMAN. If a rule could be applied to all of the States, you would favor the limitation of labor to eight hours a day?

Mr. KING. If that is the best we could do, I should favor it; but I think we could do better.

The CHAIRMAN. Congress enacted a law fixing eight hours as a day's work in all the government shops. Of course that law can only apply to the employés of the general government. Congress has no control

or power over a State to say what shall be the hours of labor in any State, but Congress has the control in regard to the government shops. Those of us in Congress who favor the idea of the eight-hour law entertain the notion that that law would be an example which the State legislatures would be likely to follow. Therefore I ask you, in a general way, for your opinion as to what should constitute a day's labor?

Mr. KING. I am in favor of the reduction of the hours of labor as far as possible. Under the existing system, the laborer is treated (and it is the fault of the system, not of individuals) very much like a machine. He gets what would keep him in good running order as a whole, and he gets nothing more.

The CHAIRMAN. That is, in good times?

Mr. KING. As a rule it follows in good times and in bad times. He is a little better off in good times than he is in bad times. But the effect of our system is to give the laborer only what will keep him in such condition as will make him most profitable to the employer. Therefore a law that will give the laborer more leisure and more education will effect an improvement in his condition. In that view of it—so far as the eight-hour law applies to government employés—I should favor it. In my remarks earlier, however, I stated that I thought we should work on a different system, and that more good could be done in some other way.

BOSTON, *November* 5, 1879.

Views of Mr. Horace Binney Sargent.

Mr. HORACE BINNEY SARGENT came before the committee at its invitation. He stated, in reply to preliminary questions, that he is a resident of Salem, Mass.; that he has resided there for some years; that he was born in the State of Massachusetts and has lived in the State more than fifty years.

The CHAIRMAN. What has been your occupation generally?

Mr. SARGENT. I was bred to the bar, but I have been engaged chiefly in managing my own estate—principally real estate.

The CHAIRMAN Congress has appointed us a committee to inquire into the causes which have produced the depression in the industries and labor of the country, and to recommend (if in our power) some means by which such depression can be prevented in future. Give us your opinion as to the causes which produced the depression in the industries and labor of the country.

Mr. SARGENT. My own strong opinion is that the cause has been the tampering with the currency—the changing of the measure of value. I believed that the change of policy which was particularly formulated in 1869—the credit-strengthening act of March 18, 1869—was a fair expression of a policy which has been disastrous. It seemed to me that if the bondholders had claimed $700,000,000 more than we were bonded to pay (that is, if they had demanded the difference between coin and paper), that would have been a trifling thing, because the United States could pay and did pay before 1873 $700,000,000 without any difficulty. But the indirect mode in which it was done was the cause of the trouble. It changed the measure of values. It was enacted by that statute that the bonds should not be paid until the greenbacks, the United States Treasury notes (then at about 70), should be equivalent with coin. That compelled a change of measure of every dollar of debt in

the country, and there being $12,000,000,000 or thereabouts of debt, it was adding 30 per cent. of that to the whole. My opinion was strengthened by the fact that in 1870 the Supreme Court of the United States, in its second decision, 12 Wallace, used language of this sort in regard to a proposed change of paper obligations to coin obligations: "Debts have been contracted since United States Treasury notes have been declared to be a legal tender, and in reliance on that declaration legal-tender notes have become in fact the recognized measure of values. If now, by our decision, it be determined that the United States Treasury note cannot be received for that object, but that debts are payable in coin, the government has become the instrument of the grossest injustice. Such a percentage will be added to every debt, and debtors will be bound to pay such obligations as they never have assumed, that universal bankruptcy must ensue." Then the court adds, "These consequences are too obvious to admit of question."

The CHAIRMAN. Was that the case where the Supreme Court decided that the issue of legal-tender currency was a war measure?

Mr. SARGENT. No; this was the decision in the second of the legal-tender cases (Knox against Lee). Judge Strong delivered the opinion. It was a very remarkable expression on the part of the court, and it seemed to quadrate exactly with all that had been stated by John Sherman Ben. Wade, and all the rest, prophetically. I think that if the bondholders had been content with merely taking seven hundred millions from the people, that would have been a trifling matter; but to add 30 per cent. to the measure, and to say that they would not take payment for their bonds until that was done, and pledging the United States to do that, was, as I said before, adding 30 per cent. to every debt, public and private.

The CHAIRMAN. And that you conceive to have been the leading cause of our troubles?

Mr. SARGENT. I believe it was. Whenever there has been a very large amount of paper issued in this or any other country, and when it has filled the veins of enterprise full, acting as money (although only a promise to pay), destruction has come whenever an attempt has been made to reduce it to the limited amount of gold and silver available. I think that in our own case there was another very disastrous thing done, although its effect perhaps was not so apparent in other respects. That was that after we determined that we should resume, and that we had a right to resume in gold and silver, we then demonetized silver, thereby adding 50 per cent. to the weight of our obligations, inasmuch as we had the double reservoir to draw on in the one case, and we reduced it to the one reservoir. I think that those two things (meaning the same thing—to pay the bondholder everything he could get, and to leave the soldier, sailor, mechanic, and farmer stranded on the shore) caused it. As a soldier, I found it particularly wrong to repudiate the contract under which the soldiers were paid. The greenback was inscribed, "This is a legal tender at its face value for all debts, public and private."

The CHAIRMAN. Were you a soldier in the late war?

Mr. SARGENT. Yes; I commanded the First Massachusetts Cavalry at first, and afterwards a brigade of cavalry in the Army of the Potomac.

The CHAIRMAN. You are the commander of the Grand Army of the Republic in this State?

Mr. SARGENT. I was for three years successively, but at the last election I declined serving again. I have watched the fall of estates very carefully, keeping pace with the rise in the paper money. The two

things have kept pace with each other; real estate has fallen, and labor has fallen just as the value of greenbacks has risen, with the exception that once or twice there were peculiar exceptional reasons which caused a little fluctuation. For instance: immediately after the war we felt that we were out of the woods, and so the holder of greenbacks was in a much more hopeful condition than he was a little while afterwards.

The CHAIRMAN. What is your opinion as to the character of the legal-tender currency of the country as a substitute for the currency which we had been in the habit of using heretofore?

Mr. SARGENT. It seems to me that the legal-tender currency worked admirably well. It did everything in the way of the office of money that was wanted, and it was only prevented from doing the whole that was desirable by being useless for two things—for the payment of duties at the custom-house, and for the payment of interest on the public debt. I suppose that the manner in which the money was emasculated is very natural. The men who loaned it simply said "We want gold and silver for the interest of our money, and in order to get gold and silver we must insure its flow into the country, by providing that paper money shall not pay duties on imports. We then get the gold for interest." We provided the fund by these two acts. Thus were introduced as exceptions to the contract on the back of the legal-tender notes the provisions that they should not be legal tender for duties at the custom-house or for interest on the public debt, and those exceptions made that money less valuable. Had it not been for those exceptions, I see no reason to think that the legal-tender money would not have done exceedingly well. Of course a great mass of it being issued, it would follow the ordinary rule of money, that all commodities (gold and silver included) would be dearer as the mass of paper money increased. But we should have got entirely out of that and grown up to par with perfect ease if we had done anything like what the French nation did—that is, preserve labor. I have thought that Mr. Webster's admirable expression, delivered thirty-nine years ago at Saratoga, that "the labor of the United States is the United States," has been entirely changed, and that the expression now would be, that "the bondholders of the United States are the United States."

The CHAIRMAN. Then you do not consider that the legal-tender dollar is an honest dollar?

Mr. SARGENT. I have this doubt about the constitutionality of making a legal tender a promise to pay. I believe that the United States had entire power to stamp the legal tender decree (the statutory agreement of the people) upon any material, tin, zinc, copper, nickel, silver, gold, paper, or anything else, and that the whole value was the agreement. In olden times the beaver-skin passed as money, simply because the people agreed to take it as representing a certain value, and not because the beaver-skin was of that value. The fact that 412½ grains of silver passes as a dollar while 420 grains only passes as ninety cents, is almost demonstrative of the fact that the United States can by its fiat, its decree, its statutory agreement, give a value to any commodity independent of the intrinsic value of that commodity. I know very well that if gold were demonetized throughout the world we should see at once that its real value was because it had been made money by law, and that it is not of any use as a metal, but is one of the poorest metals in the world for any purpose except adornment.

The CHAIRMAN. In your opinion, have we legal-tender currency enough to meet the necessary wants and demands of the trade of the country?

Mr. SARGENT. I cannot imagine that any man can estimate the amount which we do require, except empirically. I have thought (and I have found it a good illustration) that society was very like a tree growing. When the sapling is an inch in diameter, the growth of the ring is only three inches in one year, but when it is five feet in diameter, force must be added to its principle of growth to make a strip fifteen feet around; and so I have thought that the increase in the need of money was in an arithmetical ratio. If a tree should be growing, and a man should come along and say, "We have got too much sap in this tree; I knew that tree when it was a sapling; it is now getting hogsheads of sap where it used to have gallons; the tree is on a drunk; you have got to withdraw the sap;" you would say to him, "What do you mean?" But if he should be too strong for you, and should laugh at your idea that every leaf must not merely support itself, but must also provide additional sap for the leaf of to-morrow, and he should say, "I am going to stop this flow of sap; we want something condensed;" and if he should put in a syphon and draw off the sap, the tree would die gradually, and after it had been cut away (an excellent job for those who wanted fire-wood, but bad for those who wanted shade), he might triumphantly say, "There, you see there wasn't sap enough. Look at that tree, pouring out sap, which it could not use, from the trunk." That illustration applies to the use of money. The money has been hoarded in banks, because there was no use for it legitimately; because we destroyed its use. In speculating on the matter I have not seen my way exactly clear to see why, if we consider one commodity, like gold or silver, requisite as a representation of money, all property might not properly have the same representation. The only difficulty would be to fix on the true value and to avoid a wild-cat valuation.

The CHAIRMAN. Do you not think that the legal-tender currency, backed by the credit of the country, is as good as a bank-bill where there is a specie basis to maintain it?

Mr. SARGENT. Better; much better. I am perfectly willing to admit, for argument's sake, that paper money must be redeemable, if you choose. If it is redeemable, the nation is vastly better able to avoid a corner than any corporation can be. But I do not believe in the specie basis at all. I believe that the specie basis is an utter fraud and a pure superstition. I think that destruction has so invariably followed the attempt to redeem a paper currency, that it is inseparable from it. That is perfectly natural, because we do not make the distinction between representative paper and substitute or additional paper. We bring paper money into existence and life because we haven't got gold and silver enough to go around. In the city of New York, for instance, the amount of exchanges in a single year reaches $21,000,000,000. Of course a very small part of that exchange is effected with gold and silver. Gold and silver do not exist to such an amount, and therefore paper is needed. That is not representative paper, but is supplemental or substitute paper. It strikes me as infinitely absurd that when we admit we must have paper in addition to gold and silver, we should attempt to redeem in a non existing commodity that which is called into existence because the commodity does not exist.

The CHAIRMAN. What, in your opinion, as a judge of the value of real estate, has been the shrinkage in real-estate values during the last seven years, commencing with 1873, in consequence of the contraction of the currency?

Mr. SARGENT. The contraction was from two causes—the act of 1869, which determined to redeem in coin, and thereby added 30 per cent. to

the greenback as a measure of value—and then the act of 1873, demonetizing silver, which act, when we were attempting to resume, made it impossible for us to resume by diminishing one-half the stock of coin.

The CHAIRMAN. And this subsequent legislation, destroying the legal-tender currency, which was afterwards stopped by recent legislation?

Mr. SARGENT. That, I think, was infamous. I understand that in the city of Boston the reduction of the assessor's valuation within a few years is, in real estate alone, little short of $125,000,000. A single piece of property of mine, which has been taxed at $203,000, and for which I was offered $400,000, and which the park commissioners of the city of Boston recommended the purchase of at $203,000 (which offer I directly refused), is now taxed at $60,000. It was mortgaged for nearly $100,000, and was sold for the mortgage, but did not bring the amount of the mortgage at the sale.

The CHAIRMAN. Is that a fair test of the shrinkage of values in this city?

Mr. SARGENT. I think there are cases of very much greater shrinkage than that, but I also think there are a great many cases of much less shrinkage. I mention that as a particular remarkable case within my own knowledge. In another case, an estate that was taxed at $45,000, did not bring the amount of its mortgage. It only brought $15,000 at auction. In another case, an estate that was taxed at $84,000 brought only $56,000. In Newport, R. I., I had an estate where all my sales had been at the rate of $2,000 an acre. There were 80 acres in it, which I supposed to be worth $160,000, and it was taxed for about $40,000. That estate was sold in the same way for a little over its very reduced mortgage—about $15,000. This 80 acres in the city of Newport sold for $15,000. All my previous sales from the same estate had been at the rate of $2,000 an acre. In fact real estate has had no value whatever. It has been utterly unsalable.

The CHAIRMAN. For how long has that been the case?

Mr. SARGENT. Real estate was unsalable from about 1875 to the end of 1878, and even now it is unsalable in one sense. The prosperity of to-day is merely the prosperity of the third Barmecide in the story—a man who stole his barrels ready made. Railroads, manufactories, houses, and lands have all gone into the hands of mortgagees, and they find that at the reduced rate at which they bought them they can make a comfortable interest on the money.

The CHAIRMAN. Has there been any perceptible change within the last year in the value of real estate?

Mr. SARGENT. They say that real estate is moving somewhat. I see that there are some changes. I have no doubt that some people are terrified at the lookout, and are therefore making investments in real estate. All that seems to me the legitimate and direct cause of what I set out about explaining as the true philosophy of money. The inflation by gold coming into the country is at present enormous. The inflation by banking issues is very considerable, but the depreciation in prices has caused one dollar to go as far as two dollars went before. If there be a movement in real estate I do not think it has been at very high values, but I believe that all such movements are the result of the increase of money, and the let up by those who have had an interest in retaining values, and who have got their bonds under cover by the refunding act. I think that that was their object, and that having attained it, they care very little indeed whether the greenbacks shall be received at the custom-house, for which we have always begged, and

which they refused. They have made their market, as the French girls say, and they are satisfied.

The CHAIRMAN. But still, in your judgment, there is an upward tendency generally?

Mr. SARGENT. I think so, but it is not marked in real estate. I have not myself received a single application for any property that I have. I hear from brokers that there is a movement in real estate, and I hear that men are going into real-estate operations, and I observe that there is an immense stock speculation, such as has never been thought of before, and that certain stocks have gone up very high.

The CHAIRMAN. To what do you attribute this spasmodic rise in the stock market?

Mr. SARGENT. I think it is on account of the great influx of gold into the country. We have reduced our own calls on all foreign countries very much, and are able to compete with the pauper population of foreign countries by our own labor; so naturally we export less gold, and the gold comes back here. The gold inflation is a very important part. We have insisted that an increase of the volume of money would increase prices, and that a diminution of the volume of money would diminish prices. That increase of the volume of money has come now through the enormous influx of gold and also through the increase of illegitimate paper money by corporation promises to pay.

The CHAIRMAN. I suppose that our exports of home products have had something to do with it?

Mr. SARGENT. That has changed the balance of trade somewhat. I think that our vast harvests (with which resumption has had nothing to do) have been the reason why we have not been stranded in the attempt to resume. Resumption does not amount to anything. Mr. Webster said that specie resumption meant the conversion of paper into gold as soon as the paper touched the counter of the bank that issued it. But now they give us paper money which they say is good (national-bank bills) because it is based on other paper money (greenbacks) which they say is bad, and if we undertake to get gold on this paper money we find immediately that we can only get another kind of paper money for it, and then when we bring that other paper money to get gold on it we find that we cannot get gold for it in less quantities than $50.

The CHAIRMAN. Do you believe that there is any substantial and sound reason existing for the rapid increase in railroad, mining, coal, and other stocks in the stock market?

Mr. SARGENT. I think that many of these increases come in all times, from hope of better times rather than from a real improvement. Men have been led to believe that there has been an unsound financial policy, and that now we have reached hard pan, and are going to boom. There is the same sort of movement now as there was just after the war, and men are buoyed up with the idea that we are entirely out of the woods. Why? Because of the fact that we have had such an immense harvest, and that there has been such a demand abroad for our products. Vast quantities of gold are coming to us, as shown by the fact that Germany, France, and England are all in trouble about the drain of gold. But I look with very great dread (and with a certainty too) to the time when the returning wave (the opposite to that which brings in that mass of metal) will carry it out again, and will leave us with an enormously expanded paper currency on hand requiring redemption in an insufficient specie basis, and I am afraid that we shall have a worse condition than we have had already.

The CHAIRMAN. And that may occur at any time?

Mr. SARGENT. It may. I think that we never were in a more dangerous time than we are in to-day, because it seems to me that the demand for money for various legitimate and illegitimate uses will be so great that banks will take advantage of the limit law which they have, and by which now they can make bank paper up to the limit of the whole public debt. I am afraid that the national-bank notes, redeemable in legal tender, which is constantly getting diminished, or is being withdrawn in some incomprehensible way, or in gold and silver which are likely to go out of the country, will bring us to the same confusion which we have had many times in this country, and all from the same cause, viz, that the supplemental money is treated as if it were representative money, the supplemental paper money being issued because there is not enough of gold and silver.

The CHAIRMAN. What is your opinion in regard to the policy of permitting national banks to issue bills?

Mr. SARGENT. It seems to me that, constitutionally, it is absolutely wrong, although it is to be supposed that our fathers knew what they meant to provide in the Constitution, and they very early gave the power to banks. Still, I have never been able to see that there is any mistake in Judge Story's or in Mr. Webster's argument—that if the United States had not the power to issue paper money themselves, they had no power to delegate that right. I believe that the policy of allowing corporations (which only have a limited hold on the wealth of the country) to issue paper money as compared with the policy of issuing redeemable money by the nation, which has the right of eminent domain, is entirely wrong.

The CHAIRMAN. But the principal object of my question is whether the legal-tender currency is not a better currency for the country than the bank currency is, and whether it would not be advisable to compel the national banks to retire their notes and let the government alone issue paper currency.

Mr. SARGENT. Decidedly so. I have no question of that at all. I have the most confirmed and positive opinion of that. There is one consideration in favor of it, which is not a small matter either: that is in regard to the chances of counterfeiting, and the chances of having worthless wild-cat money passed over to us, and having so many banks which we know nothing of in distant places issuing money. It is vastly better te have a more elaborate and difficult uncounterfeitable United States note, uniform in design, and then issue these notes to the banks (with their own headings, if you please), so that the banks shall be banks of deposit and discount. But the money should be issued by the government and not at all by the banks. I have believed that thoroughly. I wonder very much indeed that the Democrats generally throughout the country have not adopted our theories as perfectly consistent with their own and Andrew Jackson's. Andrew Jackson said that he wanted hard money. Why did he want hard money? Because he knew that hard money could only be issued by the government, and that if he could only confine the circulation to hard money he could put out the pipe of the banks. They could not issue paper. That is the very thing that we want to-day. Only we have learned something about paper money which Jackson did not know. Our reason for preventing the issue of paper money by the banks is the same as his was.

The CHAIRMAN. The sovereign power of the country can put its own stamp on paper, gold, or any other material?

Mr. SARGENT. I think that when we look at the legal-tender act as being a statutory agreement, the paper money rests on exactly the same

footing as our personal security in walking the streets rests on. We go through the streets on the assurance that we are not to be robbed or murdered because we have agreed in common with all citizens that robbers and murderers shall be hung or imprisoned. And so, in like manner, the legal-tender currency is simply a statutory agreement that we will take a certain thing in exchange for all commodities, and we take it because we know that it can be passed off.

The CHAIRMAN. Secretary Chase made use of the remark, in connection with a legal tender currency, that he was cutting up the credit of the country into slices and was spreading it broadcast.

Mr. SARGENT. If redeemable money is to be issued, then the power of eminent domain makes the government the proper source of its issue, but I do not believe in redeemable money at all. I believe that the power and credit of the government and the agreement of the people among themselves collectively is the real basis of paper money.

The CHAIRMAN. In your opinion, have we at this time enough legal-tender currency to provide for all the wants and necessities of trade?

Mr. SARGENT. I cannot believe that we have nearly enough. I think that if the object is to make money hard, that is, difficult to get (and I think that sometimes the hard-money people mean that), we perhaps have too much. But if the people are interested in making exchanges easily I do not know where the limit would be. But it has struck me that a constitutional amendment providing for an increase of currency in a certain way, and perhaps an issue annually in proportion to the amount of the taxes, would be a method of keeping it always going. I think that money must not only never diminish but that it must be constantly increasing, because the uses for it are getting larger. I do not know that an increase of currency in proportion to population would be at all sufficient. No nation has ever tried the form of money which the greenbackers propose, that is, a money which is not occasionally in danger of being shrunk by a forced contraction, but a paper money issued to facilitate exchanges and necessarily growing in quantity as the exchanges grow, for money will breed money, and exchanges will make the necessity of breeding money.

The CHAIRMAN. Turn your attention to the question of an income tax. What idea have you formed on that subject?

Mr. SARGENT. I have formed the opinion strongly that although an income tax may be somewhat odious (for it is, perhaps) and difficult to collect, it is absolutely essential to our form of government, and quite consistent with constitutional provisions that there shall be a tax on incomes so as to make taxation really equal and proportionate. Every man should feel the pinch of taxation or else no man should feel it. To say that a man with an income of many hundred thousand dollars shall pay the same percentage of taxation as a man with almost nothing, and one who has to go without his dinner when he pays his taxes, is not in accordance with republican ideas of equality and proportion. We have got to give a new meaning to equality and proportion, and I think that an income tax is perhaps a very good way to do it, especially in connection with the infamous surrender by the United States of the right to tax bonds. So far as that touches this question, I would say that from all I can learn, the States have never been permitted to tax the United States securities—for one good reason, lest they should overtax them, so that the United States could not raise money. But I never heard, until the bondholders became the United States and ruled the government, that the United States itself could be estopped from taxing its bonds. The very reason why the State should not tax United States

securities, is the reason why the United States should not abandon that power. That power is as inalienable as the power of making wars and making treaties, and I hold that to be a thing which, if it could get before the courts, could not fail to be considered an unconstitutional abnegation of power.

The CHAIRMAN. While Congress may not have the power to tax the bond as a bond, it has the right to tax the income of the bond.

Mr. SARGENT. That may be, but at the same time the language is fearfully strong in the refunding act, in which it is provided that those bonds shall not be amenable to taxation under the United States or under any State or municipal power whatever. That is a very broad expression; and was intended, I suppose, to cover everything. But if it does cover the matter so far as to prevent the United States, in case of pestilence or being attacked by the armies of the world and being reduced to the lowest point, from raising a dollar of taxation out of two thousand millions of property, I believe it is an utterly unrepublican and unconstitutional provision.

The CHAIRMAN. State whether in the payment by the government of the soldiers of the United States there has not been a discrimination against them as compared with bondholders.

Mr. SARGENT. Decidedly so. There has been a decided discrimination against the soldiers. In the early part of the war the soldier was hired for gold and silver. His recruiting papers promised to pay him so many dollars a month in gold and silver, and he was paid in gold and silver up to a certain time—up to 1862, when the legal-tender act was passed. After that time, he was paid in paper, but the bondholder was still paid in gold according to the contract that he should have his interest paid in gold. The soldier was certainly entitled to as good treatment as the bondholder. The United States have since said and the bondholders have declared that equity demanded that the bondholder should be paid his principal in gold, although the Treasury note paid to the soldier distinctly declared that the principal of the bond is payable in paper. Now, the soldier was paid in a currency so depreciated that $1,000 paid to a regiment would not buy a thousand dollars' worth of bonds, while $1,000 paid in interest to the bondholders would buy at one time $2,400 worth of bonds; and since that time the principal of the bond has been declared payable in coin, although the holder got it at the rate of 35 or 40 cents on the dollar in paper. There is a great movement going on through the country to equalize that. Petitions are being circulated and signed in this State and throughout the West and elsewhere, calling the attention of the government to the fact, and asking that the soldiers shall be paid as well as the bondholders, because the soldiers were paid under duress. One objection to that has been that contractors and civil officers might require the same sort of payment, but that objection does not apply. They could make their own contracts. They were free. The soldier who was in for three years could not make any objection. I have had soldiers come to me and say, "Am I bound to serve the government when it pays me in paper, which will only buy one-third of what the gold which I was promised to be paid in would buy?" The answer was of course unsatisfactory. The soldier knew that the guard-house and the buck and gag were the only answers he would ultimately get.

The CHAIRMAN. Then the amount of it is that while the bargain made with the soldier was that he was to be paid in gold, he has been turned off with greenbacks, but though the contract made with the bond-

holder was that he was to be paid in greenbacks, he is now to be paid in gold?

Mr. SARGENT. Precisely. I wish to say a word in regard to the policy of the government as to the slave. The policy of the bondholder to preserve his own interest entirely, and to neglect every other interest, has been manifest in this manner. We made a war for the slave. We filled the nation with stories in regard to the wrongs done to the slave. If there were these wrongs done to him (and undoubtedly there were), he deserved a certain amount of redress, and merely to stop knocking him down was not a compensation for having knocked him down before. But when the war was ended we forgot all the wrongs that required any redress. The attention of the nation was directed to the disloyalty of the masses, and we befogged the nation a little by saying, "The owner is disloyal, and therefore we will not pay him for his slaves," the real object being not to increase the national debt by paying the master and forgetting entirely that the real owner of the slave was the slave himself.

The CHAIRMAN. Be kind enough to state your views and opinions with reference to the propriety of the government limiting the hours of labor of its employés.

Mr. SARGENT. My opinion is that such a law should be passed because labor-saving machinery throughout the country and throughout the world has decidedly changed the relations of the laborer to his work. It seems to me that labor-saving machinery is a boon of God to man in order to undo the original curse a little, that "In the sweat of thy face shalt thou eat bread." But that has been changed by those who have owned labor-saving machines to mean something else—to mean that "In the sweat of thy face shall another man eat cake." I think that the laborer is, in regard to the labor-saving machine, as if it was an immense slave, the product of natural powers, and that the Almighty was addressing every man who toils somewhat in these words: "Here is a slave of enormous power, knowing no hunger, no thirst, no fatigue. We give him to you to enable you to spare your muscle and not to feel fatigue." But the gift has been misused entirely, so as to keep the laborer as closely at work as ever before in competition with that which knows no fatigue. It is like putting a man to striking an anvil in competition with a trip-hammer which never stops to breathe. I think that eight hours is abundantly sufficient for work, and that longer hours of labor only tend to gluts in the market. I think that eight hours are probably even more than we shall ultimately find necessary, and that if all labor and labor-saving machinery were constantly kept at work eight hours in the day, we would find ourselves something in the condition of the Connecticut man who invented machinery for turning out ten million pills a day, but the difficulty was to find people to take the pills. I think that the government should set the example of an eight-hour law, and I think that then other employers will necessarily follow it. I think that labor-saving machinery makes it essential that there shall be some new division between capital, labor, and time, I cannot but think that ultimately the laborer will have his half-day's rest very much as the banker and the merchant have it. I recollect when merchants and bankers worked from sun to sun and when they staid late at night in their office, but now they find that there is no necessity for that. I think that that is to be the case in regard to the whole world, and that that will do away very much with the necessity of employing children at wretchedly low wages. Children are now employed in many places at low wages because their parents demand too high

wages. If we should limit in some way (and an eight-hour law is getting towards it) the expenditure of labor so that the productions of the world should be enough and not too much, there would be no necessity of employing children, and the laborer would have a good deal more time to himself than he has now. I think that the division of capital and labor is promoted by the eight-hour law, and that we must come to it.

The CHAIRMAN. You think that by limiting the day's labor to eight hours, employment will be afforded to more men?

Mr. SARGENT. Very much more. There is not enough work to go around if men are employed twelve hours, and in fact there is not enough work to go around now if men are employed eight hours. Through labor-saving machinery we have got into some mistake about the mass of productions that we are making. We are over-producing by over-taxing labor. That, I think, is the difficulty of over-production.

The CHAIRMAN. There is a difference of opinion among witnesses who have been testifying before our committee as to whether labor-saving machinery has been an advantage or a disadvantage to laboring men. Mr. Carroll D. Wright, who was examined before this committee in the last Congress, took the ground (as others did) that labor-saving machinery is beneficial to labor because it increases productions and aids in that way to give employment.

Mr. SARGENT. I am not surprised that Mr. Wright should be on that side. I think that labor-saving machinery is intended to be an immense benefit to the laborer by saving his own muscles, but I do not think that the laborer gets the benefit from it. He strains his muscles just as much. He is put in competition with a giant, a slave who never tires. There is undoubtedly a benefit to the laborer in getting material cheap, but we must not overlook the fact that somebody has to make that material cheap, and that means low wages to somebody. I used to listen very attentively in old times to the Democratic argument against the tariff. The question was generally asked on the stump, "are you going to pay $2 more for your shirt in order that that man on the hill who owns the manufactory may ride in a carriage?" "No," they said, "we will not do it. We can get them cheaper abroad if we can only get the English goods in." And the consequence was that Congress got to tinkering with the tariff law and shut up the mills in this country that employed a man and his children 300 days in the year.

The CHAIRMAN. And then the price of the English shirts went up?

Mr. SARGENT. Exactly.

The CHAIRMAN. But when there was competition here, that was a regulator of the price?

Mr. SARGENT. Yes, I think that there is only one rule, and that is the one expressed by Mr. Webster, "that the labor of the United States is the United States"; and if a man always thinks of what will conduce to the greatest contentment, the greatest prosperity and greaest general wealth of the masses, he will find that things shape themselves clearly for him, and that his own investments, however great, are made secure and permanent, because they cannot be disturbed even by an earthquake without that same earthquake disturbing the foundations of the security of every other man. If every man had a household, however small, he would not be likely to disturb investments in property of that kind. I think that it is the interest of all classes of the community to give to the laboring classes the greatest compensation, and to make them work with as much ease as possible; but labor-saving machines are the natural tendency, the ultimate intent being the general establishment of justice throughout the world.

Views of Mr. John L. Butler.

Mr. JOHN L. BUTLER came before the committee at its invitation. He stated in reply to preliminary questions that he is a resident of Somerville, near Boston; that he has been practicing law for the last eight or ten years, and has been interested in the oil business.

The CHAIRMAN. Having been actively engaged for several years in the oil business, I suppose that you are familiar with the question of labor?

Mr. BUTLER. I am.

The CHAIRMAN. State during the last eight or ten years what has been the condition of labor here and elsewhere.

Mr. BUTLER. It has been in a depressed condition.

The CHAIRMAN. When did that depressed condition commence?

Mr. BUTLER. It commenced in 1873.

The CHAIRMAN. And continued until when?

Mr. BUTLER. It continued till the present time.

The CHAIRMAN. How is it now?

Mr. BUTLER. I do not think it is any better now. I think that the chances are even worse.

The CHAIRMAN. Why do you say that the chances are worse? Is the pay less?

Mr. BUTLER. The pay is less. That is one reason. And a greater reason still is the ignorance of the people on the question of finance. In other words, the people do not understand the question. They have been taught to believe that the contraction of the currency was neces sary in order to bring about specie payment. They have been told that there has been a resumption of specie payment, and the majority of the the people believe it. Now I do not think that there has been any resumption of specie payment, but I do think that there has been a resumption of confidence, and that that confidence will produce speculation. There is not money enough in the country to carry on the business if we should have a prosperous tide. Consequently the business men will again fall back on the old inflated credit system and there will be another smash up.

The CHAIRMAN. Then you think that this notion of affairs being in a more prosperous condition now than they were two years ago, is only a matter of imagination and speculation, and is not reality.

Mr. BUTLER. That is my opinion.

The CHAIRMAN. What was the average price of labor in the oil region while you were there?

Mr. BUTLER. From 1867 up to 1873 the engineers and firemen and those who dressed tools were paid from $100 to $125 a month—I mean the drillers who put down the wells. Laborers got $90 a month. I paid those rates and I paid no higher wages than were paid by others. Afterwards the standard monopoly was organized and commenced operations in 1872. They had a law passed in the legislature of Pennsylvania incorporating the Southern Improvement Company. That raised quite an indignation in the oil country. The law, I believe, was repealed and then the Standard Oil Company was formed—a joint stock operation—with a capital of $7,000,000. Considering that the great oil field only comprised a couple of small counties, the company made their calculations (which have proved quite successful) that a capital of $7,000,000 would control the entire business of the oil region and allow of its being monopolized. Previous to the forming of this Standard Oil Company, we had individual pipe line companies there. In Tideout, for instance,

where I was, there was an oil pipe line. The New York and Alleghany Company had a pipe line, and the New York and Titusville Company had a pipe line. These pipe lines were lines of seven inch iron pipe that were laid to the oil tanks—large receiving tanks that would hold 20,000 barrels. The average tanks at the wells would hold about 250 barrels. The oil was pumped into these wells, and when they were nearly full it had to be pumped out, and these pipe lines were paid 20 cents a barrel for doing it. But when the Standard Oil Company got to work, it squeezed out all these small pipe lines. It bought out all that it could buy and those that it could not buy it squeezed out.

The CHAIRMAN. What do you mean by that?

Mr. BUTLER. It ruined them by competition. The same thing was done with the refiners. All the refining industries of Pittsburgh down along Oil Creek and Tideout, and all through that section of country (quite a number of them), came under the control of the Standard Oil Company. Then the new constitution of Pennsylvania in 1874, prohibited anybody who was directly engaged in transportation to be engaged in production, and as the Standard Oil Company was engaged in both production and shipping it formed another company, called the United Pipe Line. This United Pipe Line was supposed to be an independent line which the Standard Oil Company had nothing to do with, but as a matter of fact the United Pipe Line is a part and parcel of the Standard monopoly. They are all one company and under one head. By buying up the pipe lines and by buying up the refineries, the Standard Oil Company got control of the entire production of the oil country, because if I were a producer of oil, after I had pumped and filled my tanks, I had to dispose of my oil or to close up my well. If I went to the Standard Oil Company and asked them to take my oil, they would say "Our tanks are full, we cannot take your oil." So that I was obliged to do one of two things—I am speaking now of the individual producers of the entire region—I was obliged either to shut down my wells or to pump my oil on the ground. At the time the Standard Oil Company was started, they had a little competition with shippers and producers in Tideout, but they soon got these men in with them, and those whom they could not get to consent to go in with them they entered into competition with and drove them out of the market altogether. They did that in this way: They got control of the oil. Every producer had to pump his oil into their tanks. Then they entered into a league with the Pennsylvania Railroad Company, the New York Central, the Baltimore and Ohio, and the New York and Erie. They were to divide all their transportation between these companies, so many thousand barrels to each company, and the companies were either not to buy at all from other shippers or to buy in such a way that they would cramp these other shippers. The effect of that was simply this: The oil men did not understand at the time the full power of these standard oil combinations, and thought that other influences were at work depressing the market, and in order to tide over the time of low prices they held their oil instead of selling it. This oil was costing them $3 a barrel to produce it. They kept their tanks full of oil, and then they pumped their oil into the tanks of the Standard Oil Company and held their oil there, paying insurance on it, thinking that there would be a rise in the market. But the market steadily decreased, and oil was sold as low as 40 cents a barrel, which had cost $3 a barrel to produce. The individual producers were thus obliged to go to bankers to borrow money, giving their wells and real estate as collateral security, in order to get suffi-

cient money to pay their workmen, to defray their daily expenses, and to enable them to hold the oil for a rise.

The CHAIRMAN. What was the effect of this combination on the individual owners and operators and laborers in that region?

Mr. BUTLER. It sent the individual producers into bankruptcy and insolvency, and they are bankrupt to-day. I do not know one of them who is not bankrupt to-day. It had the effect of reducing the wages of laboring men from $90 a month to $30 a month. It had the effect of compelling the individual producers to economize both in the putting down of their wells and in pumping them. Previously to the establishment of this Standard Oil Company, it was necessary in the oil country to have a separate boiler and engine for every well that was sunk, so that it required two men at $90 each per month to run every well. From the advent of the Standard Oil Company, the individual producers were obliged to discard their small boilers and engines, and to purchase larger boilers and engines with sufficient power to run five or six or seven wells. These seven wells would thus be run by two men, where previously they had been run by fourteen men; and these two men received only $60 a month ($30 each), while the fourteen men had previously received fourteen times $90 a month.

The CHAIRMAN. Does that state of things exist there now? Is the oil produced by this Standard Oil Company?

Mr. BUTLER. The oil is not produced by the Standard Oil Company, but the Standard Oil Company controls the production. It has the control and management of the whole operation.

The CHAIRMAN. In what counties?

Mr. BUTLER. McKean County, Warren, Venango, Crawford, Butler, Armstrong, and Clarion. These are the principal counties.

The CHAIRMAN. I understand you to say that in all these populous counties of Pennsylvania, the whole production, transportation, and sale of oil is in the hands and control of this Standard Oil Company?

Mr. BUTLER. Yes, sir.

The CHAIRMAN. And that individual enterprise, or the enterprise of individuals associated together, has no power to compete successfully with this combination?

Mr. BUTLER. They cannot do it; it is impossible.

The CHAIRMAN. Is there a permanent improvement in the price of wages of labor in the city of Boston and its vicinity?

Mr. BUTLER. No, sir; there is not a permanent improvement.

The CHAIRMAN. State why.

Mr. BUTLER. There is no basis for it. In order to have any improvement in the wages of labor, manufacturing industries must revive, and they must revive on a solid basis. There must be a cash capital for them. They must have something besides credit. That cash capital does not exist in this city nor in this State. The banks of Massachusetts are as much of a monopoly as the Standard Oil Company is in the oil country. In other words, there is no money to pay labor, only what a man can get by going to the bank. He cannot obtain money from the bank without good collateral security, and the collateral security of Massachusetts, like the collateral security of other States in the South and West, has been pledged before.

The CHAIRMAN. Are the woolen and cotton and other manufactures in and about Boston in a prosperous condition now?

Mr. BUTLER. As far as I can understand there has been an impetus given to the manufacturing industries of cotton and woolen, but it has not yet affected the price of labor.

The CHAIRMAN. Has it had the effect of giving additional employment?

Mr. BUTLER. I have not heard that it has.

The CHAIRMAN. Do you believe that this present symptom of prosperity is likely to be permanent?

Mr. BUTLER. No, sir.

The CHAIRMAN. Why?

Mr. BUTLER. I believe that no business can be carried on successfully on a cash basis solely. The people, as I stated before, have been led to believe that we have resumed specie payment. The prosperity is imaginary. We have not resumed specie payment. The coin is not in the country. If we should have a further depression of trade such as we have had from 1873 up to the present time, that in itself would set the people a thinking. Then, on the other hand, if we should have prosperity (whether that prosperity be caused by undue speculation or not), it will cause a financial revulsion, because money, which is the tool of trade, is not to be obtained. The bankers have not money of their own, and if they lend money at all they will be obliged to lend the deposits of their creditors. Then, if the borrowers should fail in their speculations, the banks would suffer first and their depositors next; so that I see nothing for this country but another financial revulsion in a very few years, such as we had in 1873. The extent of it will be measured by the extent of private credit.

The CHAIRMAN. We have not yet got fairly over the disaster begun in 1873, have we?

Mr. BUTLER. We have not got over it, but we are now on the eve of a Presidential election. We have just gone through several State elections prior to working up a little excitement for the Presidential election. There is a class of men in this country who in fact have no homes, who are simply traders and brokers, and who care nothing for the interests of the people or of the country. They are the men who want to control it in their own interest. I do not think for one moment that those men would hesitate or scruple in raising false hopes in the minds of the people for the purpose of carrying the next Presidential election.

The CHAIRMAN. Do you think we have legal-tender currency enough in circulation to meet the necessary wants of trade?

Mr. BUTLER. I do not. I think we have too many national-bank notes and not enough legal-tender notes.

The CHAIRMAN. Do you believe the legal-tender currency a better currency than the national-bank currency?

Mr. BUTLER. I do.

The CHAIRMAN. What is your opinion as to the policy of withdrawing the national-bank circulation and having a common currency issued by the government?

Mr. BUTLER. I would be in favor of calling in the bonds from time to time, as Secretary Sherman called in the 6 per cent. bonds, but I would not pay for them in other bonds. I would pay for them in government money and would abolish the national banks as banks of issue. If they wish to continue in the banking business, let them do so on their own money, not on the credit of the government. I think that our present national bank system is dangerous to a republic—dangerous to free institutions. I think from what information I can gather, that the bankers have it in their power to-day to take every dollar of specie out of the Treasury if they see fit, and the reason they do not do so is that they think they might themselves be the losers in doing so.

Coming back to the oil question, I desire to state that, by reason of

the low price of oil brought about by this Standard Oil Company, this country has lost over $200,000,000 in the price of its oil exports since the establishment of the Standard Oil Company in 1873. For the five years ending January 1, 1877, we exported 1,105,463,242 gallons, at an average price of 15 cents per gallon; equal to $165,819,468. Previous to that we received for 558,413,580 gallons of oil, $184,276,481; whereas for 1,105,463.242 gallons we received only $165,819,468; in other words, a falling off of $18,457,013 as compared with former years when we shipped but half the quantity.

Views of Mr. John M. Devine.

Mr. JOHN M. DIVINE came before the committee at its invitation. He stated in reply to preliminary questions: I am a resident of Charlestown; I have resided here four years; I am a photographer.

The CHAIRMAN. State what in your judgment has brought disaster to the industrial affairs of the nation, and especially to the labor of the country, during the last ten years.

Mr. DEVINE. The question of the employment of labor appears to me to be entirely a question of whether capital can be invested at a profit. During the past ten years we have had falling prices. As Mr. Sherman says, the value of money in this country has been doubled in its purchasing power. When the value of money is increasing prices are falling, and when prices are falling, capital cannot be invested securely, because there is always a liability that the money invested in any productive enterprise will not be returned. Falling prices necessitate a reduction of cost, and the way to reduce cost is to cut down wages, because wages is the principal item of cost in the production of raw materials and manufactures. The depression in business has been produced, in my judgment, by the contraction of the currency, taken in connection with the increasing population, and with the addition of the reconstructed States to the Union at the close of the war, which States were entirely devoid of legal money. So that the money which was in circulation in the loyal States had got to cover a field much larger than it was originally intended for. It had to be spread out thinner, so to speak. Prices would have fallen from that cause alone. But in addition to that, the contraction of the currency in order to resume specie payment has intensified the matter and caused this severe depression in prices.

The CHAIRMAN. That, in your judgment, has prevented capital being invested in manufacturing and other enterprises?

Mr. DEVINE. Yes, sir. People will invest in the article that is increasing in value and will avoid the one that is decreasing in value. Property and productive enterprises have been steadily going down, while the value of money has been increasing, so that the man who held his money and allowed prices to fall found himself at the end of ten years able to purchase twice as much property. So his wealth has been doubled by his simply holding on to the money which he had on hand. If he had invested in property or in industrial pursuits, he would not have been able to get back his money, to say nothing of getting any profit on it. In my opinion, the depression in business has been caused by men investing their money and trying to transact business while prices were falling.

The CHAIRMAN. And labor was in sympathy with business and had to share its dangers and troubles?

Mr. DEVINE. Labor finds its employment when capital can make a

profit. When capital cannot make a profit, and is withdrawn from business, then labor must go idle.

The CHAIRMAN. Are you well acquainted with the value of real estate in Boston?

Mr. DEVINE. I know of one piece of property near me which was sold eight years ago for $40,000. It was mortgaged for $18,000, and last year it was sold for the mortgage ($18,000).

The CHAIRMAN. Is that a general test as to the shrinkage in real estate in Charlestown and this city?

Mr. DEVINE. Yes, sir; I am informed by real estate agents that that has been their common experience. Of course there are a great many estates that have not been mortgaged and have not therefore been sold.

The CHAIRMAN. Is there an upward tendency in real estate at present?

Mr. DEVINE. Real estate is a little firmer now. The forced sales are nearly over. The shrinkage has been so great that the mortgagees, when the mortgages became due, have not extended the time on them where they found the real estate good for the amount of the mortgage, and the foreclosures have taken away all of the property that was forced on the market. The reason why real estate is a little firmer is because there is not so much of it for sale.

The CHAIRMAN. What in your judgment is about the average percentage in the shrinkage of real estate from 1873 to the present time?

Mr. DEVINE. The information of which I am in possession would lead me to estimate it as about between 45 and 50 per cent.

The CHAIRMAN. And you think that the tendency as regards the value of real estate is upwards?

Mr. DEVINE. I think that real estate which is at present occupied and rented is not going any lower.

The CHAIRMAN. Neither in rent nor in sales?

Mr. DEVINE. Neither in rent nor in sales, except where leases are expiring and where rent has been too high heretofore. There would be reductions in such cases as that.

The CHAIRMAN. What has been the effect with regard to other industries?

Mr. DEVINE. The manufacturers have been forced to cut down wages to the very lowest point on which their men could possibly live (and really below living rates), and yet they have not made any profit, and many of them have gone into bankruptcy.

The CHAIRMAN. What kind of manufactures are carried on in Charlestown?

Mr. DEVINE. We are not manufacturing extensively there. Charlestown is really an appendage to Boston. We have several furniture manufactories there. We had a drain-pipe manufactory, but that has gone nearly out of existence.

The CHAIRMAN. How have the men engaged in wholesale and retail business—merchandizing and traffic generally—been affected; have many of them gone under?

Mr. DEVINE. Yes, there have been some failures. But the most of our men in business have found it necessary to reduce their stocks, to put in a cheaper grade of goods, and to deal in small articles, such as the people are able to purchase. Our stores have a cheaper line of goods altogether than they had formerly.

The CHAIRMAN. Is there a marked prosperity there now among your dealers in merchandise?

Mr. DEVINE. There is no improvement to speak of. The business

men feel a little more hopeful; but the improvement is not anything very decided in its character.

The CHAIRMAN. How is it in regard to the employment of laboring men; do they all find employment?

Mr. DEVINE. No, sir; some men that I know of have not been able as yet to find employment.

The CHAIRMAN. Are they in a state of destitution?

Mr. DEVINE. Yes, a great many of the laboring men with families are exceedingly destitute in Charlestown.

The CHAIRMAN. How are the wages of labor there compared with what they have been during the past ten years; are they improving or standing still?

Mr. DEVINE. The wages of mechanics are a little higher. The wages of common laborers are about the same as during the last year.

The CHAIRMAN. Is skilled labor in better demand than common labor?

Mr. DEVINE. Yes.

The CHAIRMAN. What are the wages of ordinary labor—of men who work by the day on the streets, &c?

Mr. DEVINE. A dollar a day.

The CHAIRMAN. And the men find themselves?

Mr. DEVINE. Yes.

The CHAIRMAN. What were their wages previous to 1873?

Mr. DEVINE. Previous to 1873 I was not a resident of Charlestown.

The CHAIRMAN. Are the wages lower now than they have been since you have been a resident there?

Mr. DEVINE. I am not able to state that any persons have been employed for less, although there have been many out of employment who would willingly have taken anything they could get during the last three or four years. Still I am not able to state that any have been employed for less.

The CHAIRMAN. Is money abundant there?

Mr. DEVINE. No, sir. There are many wealthy men there; but in my business (and that is the experience of most men) we find more demands for credit than formerly.

The CHAIRMAN. I understand you to say that the prices are really about what they have been for several years past.

Mr. DEVINE. The prices have been growing lower every year, and have not yet advanced anything to speak of. They are about at the lowest point at the present time.

The CHAIRMAN. What is the population of Charlestown?

Mr. DEVINE. About 30,000.

The CHAIRMAN. What is your opinion in regard to the propriety of an eight-hour law?

Mr. DEVINE. I believe that a reduction in the hours of labor to eight hours, or even less, is the only practical means at the present time (outside of such a condition of finance as would furnish employment) to give the working man opportunities for improvement, and for cultivating himself for the discharge of his duties as a citizen. I think that through a reduction of the hours of labor the condition of the working man can be very much improved, and I think that it should be done, as far as it is possible to do it, by law.

The CHAIRMAN. A reduction of the hours of labor would give employment to more men, would it not?

Mr. DEVINE. Yes.

The CHAIRMAN. What effect would it have on the employment of women and children?

Mr. DEVINE. I think that if there was a greater demand for the employment of adults, and if the heads of families were generally employed they would not consent to the employment of their children at so early an age in factories and shops.

The CHAIRMAN. Is the employment of women and children carried on to any great extent in Charlestown?

Mr. DEVINE. A large proportion of the women and children who are employed find their employment in Boston. The children of the great masses of the people go to work here at a very early age—most of them when they leave the grammar school. They never enter the high school.

The CHAIRMAN. How far have they progressed in the grammar school before they go to business?

Mr. DEVINE. I cannot give very accurate information on that point.

The CHAIRMAN. They only know the mere rudiments, I suppose—reading, writing, and arithmetic?

Mr. DEVINE. Yes, sir.

The CHAIRMAN. Is there anything else in regard to the labor question which you desire to state?

Mr. DEVINE. I am of the opinion that we will have a temporary improvement in wages and business, but only temporary. I think that within a very few years we will have labor as much depressed or perhaps even more depressed than we have yet seen it. The great masses of the laboring people have lost their homes and have spent all their savings during the past few years. They are now obliged to hire houses instead of living in houses of their own. The cause of our present improvement I believe to be the repeal of that portion of the resumption act which permitted a further contraction of the currency—also the failures of the crops in Europe, which compels the nations of Europe to send their gold here for our products. As the gold comes to this country from other countries, the outflow of it from other countries reduces the volume of their currency and causes bankruptcy and a depression of labor there. This is sure to bring labor in those countries to so low a level that we will have foreign goods come into our markets and underselling us, because they can be produced at such low rates. This I think will cause a reflux of the gold which has come into this country, and will again depress prices. The experience of our business men has been such during the past ten years that I think it is reasonable to expect that as soon as prices begin to fall they will be more timid even than they have been, that capital will be hoarded, and that we will again have a severe depression.

The CHAIRMAN. You think that we have not currency enough in circulation to meet the necessities of the country?

Mr. DEVINE. I do not think that it is a matter of great importance what the volume of the currency be after values have become adjusted, but I think that the currency should never be made less, so as to cause prices to fall. The volume should be maintained so as to maintain prices steady, or be increased so as to give prices an upward tendency and to stimulate business. I do not consider it important as to what the volume of currency be, provided there is enough to go around after debts are paid and values adjusted, but it is the changing of the value of money after men have been stocking their stores and manufacturing their goods, anticipating a future market, that causes bankruptcy. Any decrease in the volume of money which will cause a fall in prices when men are manufacturing goods and stocking their stores, anticipating the market, can only result in bankruptcy.

The CHAIRMAN. Have the bankruptcies been numerous in Charlestown?

Mr. DEVINE. Yes; they have been quite numerous.

The CHAIRMAN. You spoke of laboring men who from want of employment have been obliged to part with their houses and homes in order to bridge over the hard times. State whether that has been general or whether it has been only confined to a few cases.

Mr. DEVINE. There have been a great number of such cases.

The CHAIRMAN. Arising from the necessity of raising means to live?

Mr. DEVINE. Yes. There is another thing which bears on the labor question which I would like to mention. I should think that it would be a good plan for Congress to consider the practicability of buying all patents that are of any value from the patentees and making them the common property of all manufacturers and users, so that only one fortune should be made out of a patent, and that by the inventor, instead of several fortunes being made out of it by different speculators. The fortunes that are made out of patents come from the consumers, from the great masses of the people.

The CHAIRMAN. You would not prohibit an inventor from getting a patent?

Mr. DEVINE. No, sir; I would protect him in that right and would have him paid its just value, and then let it go to the use of the whole community. Some of our patents are huge monopolies that are extended again and again, and millions are made out of them, not by the inventors, but by the speculators and monopolists who get control of them.

BOSTON, *November* 6, 1879.

Views of Mr. Charles H. Litchman.

Mr. CHARLES H. LITCHMAN came before the committee at its invitation. He stated, in reply to preliminary questions, that he is a resident of Marblehead, and has resided there ever since he was born—thirty years ago.

The CHAIRMAN. What is your occupation?

Mr. LITCHMAN. I commenced selling for my father, who was a shoe manufacturer. I sold shoes for the firm of which he was a member for six years. Then, in 1870, in company with my brother, I commenced the manufacture of children's shoes (that being our specialty), in which I was engaged for four years longer.

The CHAIRMAN. Are you engaged in that business now?

Mr. LITCHMAN. No; I left shoe manufacturing to study law. Then I went to work. I have worked at the bench since I left off manufacturing, and by reason of working at the bench I have been brought in connection with the labor movement, so called, throughout the country; that is, east of the Mississippi River.

The CHAIRMAN. Are you now connected with a trades union?

Mr. LITCHMAN. Not exactly in the sense of trades unions. I was grand servitor of the Knights of St. Crispin from the organization of the Grand Lodge of Massachusetts until that grand lodge merged in the International Grand Lodge, which includes subordinate lodges of the United States and Canada. The order of the Knights of St. Crispin is the trade organization of the boot and shoe makers of America. It was

at one time the strongest trades union that has ever existed in America, numbering very nearly 100,000 members. But the movement in which I am at present engaged partakes more of the labor movement, so called, combining into the union all branches of operatives.

The CHAIRMAN. From the knowledge which you have acquired, owing to the position that you hold, give us an idea of what your views are in regard to what is most beneficial for the laboring classes of the country.

Mr. LITCHMAN. The invitation to be present before this committee came upon me so suddenly, that my remarks must of necessity be of a rambling and disconnected nature, and I will be compelled, for that reason, to ask your indulgence if I should chance to be less concise than you desire. I believe that the history of labor reform (I use that phrase in a sort of generic sense, as embodying what we all are seeking to gain—the alleviation of the evils which surround men engaged in earning an honest living) is really the history of the world. I believe that the world moves as well in moral and social events as in political and historical events, or as it does in the sense in which Galileo used it—in the sense that the planet revolves. I believe that the basic principle of labor reform is education. If all men were educated, I believe that no men would be extremely rich and no men extremely poor, as is the case at present. The problem is how to attain that education. I state that in a broad and general sense; that if all men could be educated, the problem of labor reform could be more easily solved. All men are not educated, and consequently we take the question of labor reform in detail, and have to meet the evils that exist, although every particular evil must be a branch of the whole general subject. For instance, as to the question of finance and of the currency, my study and investigation have taught me that the present system of finance is wrong. I do not claim to be one of those extremists on the financial question, but I do claim to be sufficiently radical in my views to call myself a greenbacker. I believe that the power to coin and issue money is a sovereign power belonging only to the government. I will waive the discussion of the question as to what the money should be coined of, because that enters too much into abstract theories rather than into practical facts, but whatever the money is coined of, the government alone should, in my judgment, coin it. For that reason, I believe that the system of national banks is wrong, so far as private corporations are made banks of issue. Under our present system, I see no substitute (at least I am able to suggest no substitute) for our national banks as banks of deposit and discount. But there are, in my judgment, three very important reasons why the government alone should issue money, and why the national-bank currency should be withdrawn, and the money of the government (whatever that money may be) subsitituted for it. These three reasons are briefly these: First, of course, the national-bank note is not a legal tender. That is so self-evident that it needs no argument. The national-bank note passes by sufferance and by common consent; not by authority of law. That is perhaps a trivial reason in the sense that nobody would refuse to take national-bank notes except upon a technical legal point. The second reason is, that the perpetuation of the national-bank system means the perpetuation of the national debt, a curse which I do not want to see brought upon the American people. And right here I might be allowed to digress, and to say that while I do not propose to lay my pigmy intellect alongside of the giant intellect of the McCullochs and Bristows and Shermans, I do say that the funding operations of the powers that be, at the head of the government, are

a curse to the United States. I regard the financial operation of the government by which the 6 per cent. bonds were funded into 4 per cents as a curse upon the country in this sense, that whatever may be the prosperity of the government, not a dollar of these 4 per cent. bonds can be paid until they mature. They must be bought in the open market, and whatever premium the money power sees fit to put on these bonds must be paid for them. It is impossible, in the natural order of things, for the government to accumulate sufficient gold or coin (coin being the term used in the contract at present) to pay the bonds that have been funded at 4 per cent. The natural logical result must be to have those bonds funded again when they become due, and thus, as I say, to perpetuate the national debt.

Now, coming back, the national banks are based upon government bonds. As long as the national-bank system exists, and as long as that is the basis of it, of course it means perpetuation of the national debt. At the end of thirty years, supposing that all the debt of the country (in round numbers, two thousand million dollars) has been funded at 4 per cent., we will have paid in interest twenty-three hundred million dollars, and still have the interest of the debt to pay. I believe that that is wrong. I believe that it would be better to let the bonds remain out at the larger rate of interest, the government having the right to pay them at any time.

The first and second reasons are, perhaps, not so important as the third. The volume of currency regulates the value of all commodities. That is a self-evident fact in political economy which no one will dispute. The amount of currency in circulation in the country fixes the value of every house, every horse, every loaf of bread (particularly the loaf of bread), because labor is the first to fall and the last to rise when there is a change of values. The power to regulate the volume of the currency under our national-bank system is in the national banks. They can produce a fictitious prosperity by an expansion of the currency. Every one will admit (and if any one doubts it, the present boom in business, so to speak, is a proof of it) that an expansion of the volume of currency causes a rise in the price of all commodities.

The CHAIRMAN. Do you understand that the national banks, as the law now stands, have the power to issue any amount of currency they please?

Mr. LITCHMAN. I understand that they have the power, by depositing bonds at Washington, to issue any amount of money they please within 85 per cent. of the amount of the bonds. The amount of bank issue is only limited by the amount of United States bonds that the banks can obtain, which would make practically two thousand millions of national-bank currency. The point that I desire to make is, that the banks have the power to expand and the power to contract the currency. When the Secretary of the Treasury contracted the currency forty-four millions of dollars, so great was the injury to the business affairs of the country that Congress stepped in and prohibited any further contraction of the currency. That occasioned a destruction of legal tenders. Now, if forty-four millions can so far disturb commercial affairs, what would be the effect of an unlimited expansion to the amount of a hundred or a hundred and fifty or two hundred millions of dollars (which is within the power of the 2,000 banking corporations of the country to issue)? It will be argued on the other side that that would be an argument against an inflation of the currency, but I think that is an entirely different thing. The point is that the power to expand and contract the currency is in the national banks, by depositing bonds and getting currency, and by sur-

rendering the currency and taking up the bonds. By expanding and contracting the currency at pleasure and thus destroying values, those who own the money will eventually own all the property of the country. An inflation of the currency by the government is an entirely different thing. I do not advocate that the government shall buy a certain amount of printing presses and set them to work printing greenbacks. It seems to me that the more judicious and logical way is, if possible, to leave the currency question out of the domain of politics. I do not know that that can be done, but if it can be done, if the question can be approached on its merits, and not with ridicule and personal abuse towards every man who dares to give expression to his thoughts on the currency question, it would be a good thing. Can we not take the history of the world, and find out, so far as statistics give it, the amount of money per capita which any country or which the whole world combined uses in commercial affairs, and can we not then fix that amount per capita by constitutional amendment as our limit of currency?

The CHAIRMAN. Can you not do that without a constitutional amendment?

Mr. LITCHMAN. The only point in having a constitutional amendment for it is that the amount will not be subjected to change by every successive Congress. Congress has the power not only to create but also to repeal, but under the Constitution the process of repeal would be so slow that the attention of the people could be brought to any injury likely to arise from a change. That is what I say—by constitutional enactment fix the amount per capita which the experience of business in this and all other countries has shown can with safety be kept afloat and can keep business in motion.

The CHAIRMAN. By what process would you ascertain this per capita arrangement?

Mr. LITCHMAN. I am frank to say that my experience is too limited to give a specific and decisive answer. I know that there are bankers' almanacs in which statistics are collected to show the amount of business done, and to show the amount of currency necessary to do it. It might take some years to get these statistics collected. That would bring me directly to the discussion of another question which bears right on this question; that is, the establishment by the United States of a national labor bureau.

The CHAIRMAN. In order to procure those statistics on which you would base the amount of currency to be issued?

Mr. LITCHMAN. Exactly. That would be one of the duties of such a bureau. It will be admitted, of course, that if the volume of currency regulates all values, it certainly regulates the value of the wages paid to labor. If my wages are $1 a day, and if before I receive my week's wages on Saturday night a variation in the currency has sent up the price of flour $1 a barrel, I really do not get $1 a day for my wages. We have a labor bureau here in Massachusetts, which is in some respects admirable in regard to the information it has been able to gain, but it has not the confidence of the workingmen of the State. I say this in all respect to Mr. Carroll D. Wright, the chief of that labor bureau. He is aware of my feeling on this matter. There is a feeling among the labor reform people (so to speak) that the Massachusetts labor bureau is, to a certain extent, a political machine which can furnish an argument on any question affecting capital and labor (using the common phrase) at short notice, which argument is always in the interest of capital. I am not saying that that is my opinion. I am merely giving you the fact, and that is a fact which every man who has dealt with labor

reform in Massachusetts can corroborate. Now a national labor bureau in order to have any value must have the confidence of the working people. It must in its constitution be composed of men who have the confidence of the people of the United States, and who at the same time have principles and ability. It must not be a political machine or shelf on which to place political favorites. It must not be a place to smother the inquiry of labor on the one hand, and on the other hand it must not be a machine to turn out opinions in favor of any pet theory or against any pet theory. It must give facts stern and stubborn as they are. By such a bureau there would naturally be gathered facts in regard to labor and finance which cannot be reached now, because one State cannot deal with the question that affects all States. As an illustration of that, permit me to refer to the question of convict labor. While I was manufacturing shoes, and while I was on the road selling them, I was brought in contact with this question. At the store of a jobber in a neighboring State I was shown a shoe actually better than I could produce, which was offered to me at 15 per cent. less than I could produce a like class of goods for, and on inquiry I was told that the reason why it was so cheap was that it was made by convict labor—by labor in a penitentiary.

The CHAIRMAN. In what State was that?

Mr. LITCHMAN. The place where I was trying to sell the shoes was in Connecticut, but this convict shoe that was shown to me was made in New York. That led me to study the question of convict labor. That was while I was manufacturing shoes. After I left off manufacturing shoes and became a workman at the bench, I was naturally drawn to the study of the labor question. The poverty under which labor has suffered during the last six years has made every man who works at the bench ask himself the question why, in a land of plenty like ours, a land blest by Providence with such boundless resources, mineral and agricultural, it is so; or why it is that men who are eager and willing to work cannot find any work to do? I know of men, gifted by the Almighty with everything in the way of mental ability and physical power, who cannot get work to do. In the investigation of the labor question I naturally pursued this subject of convict labor and made it a subject of special study. I am not prepared to say just exactly what the remedy is, for two reasons: First, on account of the difficulty of adopting any remedy; and, second, because I am a member of a special committee appointed by the legislature of Massachusetts to investigate this very subject and to report thereon during the coming session of the legislature, and it would be hardly proper in me to forestall my judgment as a member of that committee by any expression of opinion before our hearings are concluded. It would be like deciding a case and then hearing the evidence afterwards. But I have nearly made up my mind to this effect, that the whole question of convict labor is one which cannot be dealt with by any particular State, but must be dealt with jointly or else by national supervision. I use the term "supervision." I was going to say legislation, but thought that, perhaps, with national supervision, under this national labor bureau which I have spoken of (collecting all the facts from all the States and collating them together), some plan could be suggested which could be put into operation in every State where convict labor was employed.

The CHAIRMAN. You do not entertain the opinion that Congress has the power to regulate that question so far as it concerns the States?

Mr. LITCHMAN. That opens up the discussion of the question of State's rights. It seems to me that that would involve the question of how far

the general government could interfere with the regulation of affairs in individual States.

The CHAIRMAN. It might come under the clause of the right of Congress to provide for the general welfare.

Mr. LITCHMAN. Possibly. But I understand the difficulty of suggesting remedies for any of these causes. I abhor centralization of power; but at the same time I think that the general government should be strong enough to protect every citizen, whether rich or poor, whether at home or abroad.

The CHAIRMAN. That is, in any one State?

Mr. LITCHMAN. In any one State or in any one nation. Let it be with us as it used to be two thousand years ago with Roman citizens. Let the simple phrase "I am an American citizen" be a protection. Now, in regard to this matter of convict labor, the question is, what is the remedy? It involves, in my judgment, the whole theory and system of the management of our penal institutions. In the first place, I do not believe that imprisonment for crime should be wholly penal, as is the case in most of the institutions of this country (with very few exceptions). I believe that the crime class (as very well stated by Mr. Richard Vaux, of Philadelphia) is divided into three classes, the hereditary criminal, the educated criminal, and the accidental criminal. With the educated criminal you may put the professional thieves and burglars, because they follow their calling as a profession. The professional criminal commits crime and takes the chances, just as the man who goes into business takes his chances of success or failure. The accidental criminal is exemplified in many an instance that has occurred during the last five years. While engaged in the business of the committee of which I am at present a member, we visited several of the criminal institutions in Massachusetts, New York, and Pennsylvania, and when visiting a penitentiary we were, by the courtesy of the prison officials, allowed to converse with one of the inmates. He gave the history of the cause of his incarceration. He stated that the crime for which he was sentenced was the first that he ever committed. The circumstances were these: He could not get any employment, and his family was actually starving for want of food. He went down the street and committed a theft, and was for that first offense sentenced to four years' imprisonment, and became the consort of professional and hereditary criminals. Crime is in a certain sense a disease, and is hereditary. For instance, when the father and mother are both criminals, and when they are both, perhaps, under the influence of drink at the time the child is conceived, the chances are 99 out 100 that the child will be a criminal. Crime may be inherited. That is why I have so much sympathy for drunkards. I believe that drunkenness is inherited too. Then comes in again the question of education. Education is the basic principle of reform. If we take children and educate them, we leave them better than we found them. If they have a progeny, their progeny will start a little higher up than the parents did, and so in time we may eradicate the hereditary tendency to crime. But the accidental criminal appeals to every fiber of sympathy in a man's body, and some system of prison management should be instituted by which the accidental criminal should be prevented from becoming a permanent member of the crime class.

The CHAIRMAN. That takes in the tramp.

Mr. LITCHMAN. That takes in the tramp. The tramp is an accidental criminal, the vast majority of tramps only becoming so when they cannot find work to do. In my judgment the employment of convicts in penal institutions to the detriment of honest labor outside is wrong.

The CHAIRMAN. Does that system exist in Massachusetts?

Mr. LITCHMAN. That system exists in Massachusetts—a contract system. There are three systems in the employment of convict labor. There is the contract system, the public account system, and down in Georgia they have what they call the lessee system, where the convicts are let out on lease. Labor should not be degraded. Every penal sentence has attached to it the clause of hard labor. I believe that that is an insult to labor. I believe that it is degrading to labor. I believe that labor is noble and honorable, and, while men must labor I believe that the attaching of the penalty of hard labor to a sentence for crime is really a degradation to labor. Do not understand me as advocating idleness on the part of convicts. To punish a man for crime by confining him in a prison and keeping him idle would be, in my judgment, the height of barbarity. Now the question is how to employ the convict so that his labor will be an element of reformation; so to employ him that his labor will not be the cause of making more criminals. Consequently the labor that is done in the prison should not be brought into unjust competition with labor outside, and the problem is how to manage that. It seems to me that there are public works on which convicts could be engaged, which works would not be otherwise undertaken. For instance, we have here, in Boston Harbor, several islands that are being gradually washed away by the sea, and convict labor might be employed in preventing that. I merely use this as an illustration of how convicts might be employed so that their labor should not be brought into competition unjustly with outside labor. You cannot take away from a man that which he never has had, and therefore it cannot be suggested as an argument against the plan which I propose that the convicts employed in that labor would be competing with honest labor because this work would not be done unless done in that way. And yet if it were done in that way it would not only preserve the channel of Boston Harbor from the impediments which the constant washing from these islands by the action of the wind and waves places in the channel, but it would be a useful employment for convict labor.

The CHAIRMAN. Under your theory, you do not believe that convict labor should be made a source of profit, but should be merely a means of reformation?

Mr. LITCHMAN. I do not believe that the convict should be put up and sold, which is the case under the contract system. Under the contract system the contractor merely regards the convict as a part of a machine out of which he coins dollars and cents. The contractor's only thought is how to get the most labor out of the convict. This element of convict labor is peculiarly exasperating to honest labor when there are dull times. When times are good then comes the advantage to the contractor, and the contract becomes a means by which he interferes with honest and legitimate enterprise. I believe that the present system of business is wrong. I believe that the wages-labor system is wrong. I believe that the time will come, in the natural order of events, when co-operation shall succeed wage-labor, just as wage-labor succeeded vassalage. That is my judgment. That brings us to the question of machinery. Under our present system capital gets the whole advantage of the introduction of labor saving machinery. Labor delves from morning till night at so much per day, and gets no advantage except in the indirect way in which all mankind is benefited by the introduction of labor-saving machinery. Under a system of co-operation a man would receive that proportion of the profits which his labor bore

to the cost of production. It may be argued that that is looking forward to a millennium which will never come. I am talking on the justice of the proposition, not on its possibility. I believe that it can come and that it will come. I believe that in isolated cases in the great co operative movement in England, labor does receive that proportion of the profit of production that it bears to the cost of production. When that co-operative system comes it will not make any odds how much machinery there is in existence, because the more there is in existence the better it will be for labor. The first effect of the introduction of labor-saving machinery is the degradation of labor.

The CHAIRMAN. How?

Mr. LITCHMAN. By the subdivision of labor a man now is no longer a tradesman. He is a part of a tradesman. In my own trade of shoemaking, twenty years ago the work was done almost entirely by hand, and the man had to learn how to make a shoe. Now, with the use of machines of almost superhuman ingenuity, a man is no longer a shoemaker, but only the sixty-fourth part of a shoemaker, because there are sixty-four subdivisions in making shoes; and a man may work forty years at our trade, and at the end of forty years he will know no more about making a whole shoe than when he commenced business.

The CHAIRMAN. He would only know how to make a peg or a waxed-end?

Mr. LITCHMAN. Yes; or he would be a laster, or a beveler, or heeler, or nailer, or he would be running and using a machine, or a peg-measure, or attending to any one of the 64 subdivisions into which the trade is parceled out. It takes 64 men now to make a shoe by machinery. There you see is an element that comes into the labor question which is very important, and which is at the same time more difficult to handle. You cannot turn back the hands upon the dial of human progress and say that all machinery must be banished. You would not take up the rails, destroy the locomotive, and break up the railroad cars, and go back to the stage-coaches and horses. You would not tear down the telegraph poles, break up telegraph instruments, and destroy the cables that run under the ocean. Yet all these improvements, while in the abstract they benefit mankind, have had as their first result the degradation of labor by the subdivision of labor. Under our present wage-labor system, capital gets the whole advantage of the introduction of human brain into human labor.

The CHAIRMAN. The consumer gets some of the advantages.

Mr. LITCHMAN. The consumer gets some indirectly. That is where the abstract benefit comes in. I admit all that. I admit that the shoe which formerly cost $7 can now be bought at $3, but one shoe of former times would outwear two pairs of shoes now; so that it is pretty nearly the same. If my memory serves me right, there are about 48,000 shoemakers in Massachusetts. That 48,000, under our present system of machinery, produces three times as many shoes as the same number produced twenty years ago.

The CHAIRMAN. How many of that 48,000 shoemakers can make a shoe?

Mr. LITCHMAN. I have no means of knowing, but I would venture to assert that not one-tenth of them can make a shoe, and the shoe that they could make would be the old kind of a turned shoe. I cannot make a machine shoe. My sixty-fourth part of making shoes is standing at the bench and cutting the uppers.

The CHAIRMAN. Still you might hang out a sign, "Boots and shoes

made;" but the man who only makes pegs cannot say to the world, "Here is a shoemaking shop."

Mr. LITCHMAN. No, sir. Of course, the man who makes pegs would not be called a shoemaker anyhow. But here is another illustration: A man goes to the bench and lasts shoes. The lasting of the shoe consists (after the stock has been fitted) in taking the uppers and drawing them upon an insole which has been fastened to the last, and then he builds on the upper and tacks it down with lasting tacks, fastens it with nails at the toe and heel, and fastens the insole ready to go and be soled. That lasting a man may work at all his lifetime and know nothing about soling the shoe, and nothing about heeling it, but he would claim to be a shoemaker.

The CHAIRMAN. I suppose that he might acquire that art in one or two weeks?

Mr. LITCHMAN. Yes, he might acquire it in two weeks.

The CHAIRMAN. He would not have to go through a regular apprenticeship for it?

Mr. LITCHMAN. No. In stock-fitting, all that a man has to do is to put a die upon a piece of leather and take a mallet and hammer it, and he is a shoemaker. Anybody can do that. That work is done principally by boys.

The CHAIRMAN. Does this rule which you have applied to the manufacturing of shoes apply to all other branches of manufacturing industry?

Mr. LITCHMAN. It does substantially. I have no hesitation in saying that. It applies to every trade, not even excepting stone cutting. In stone-cutting they have got little knives which puts the face on the stone. That is a branch of the introduction of machinery to stone-cutting. It is what they call the patent hammer. That work used to be all done in a different way. There is hardly a trade I can mention that the introduction of machinery has not affected more or less.

I am now going to speak of one thing in regard to the effect of labor-saving machinery to show you how great the problem is which we have under consideration. It does not take a manufacturer very long to understand that a certain piece of machinery can be run just as well by a child as by a man. Then boys and girls are employed at it and the husband and father is set adrift to join the grand army of tramps who move up and down the land. The child is employed at this work because he can be employed at a child's wages. Every child thus employed takes the place of a man, and a man is removed from work in order to make room for the child. Thus we not only destroy the labor of the present generation, but in the natural order of things, when these boys and girls become the fathers and mothers of a new generation, we have made a draft upon the future which will be honored with compound interest. If you go into the mills of this State (and God knows I would say nothing against my own native State, for I have all the pride of State that any man has) you will find children employed that are scarcely four feet high, who are just literally coining their young hearts' blood into dollars and cents.

The CHAIRMAN. Both boys and girls?

Mr. LITCHMAN. Both boys and girls. We fortunately have got a law now into shape which, if enforced, will correct that evil. In my judgment, it is the interest of capital to keep labor out of representative positions. I believe that labor reform has not so much to fear from the opposition of capital (which might be considered perfectly natural in the protection of its own selfish interests) as it has from the indifference

and treachery of labor. It may be asked how we are going to remedy this matter of the introduction of machinery. I would first enforce all labor laws, and through their influence I would compel the attendance of children at the public schools. That would of necessity, under the laws of this State, give twenty weeks' schooling every year to every boy and girl in the State. Then I would encourage by all possible just legislation the forming of co-operative associations, manufacturing, distributive, and mercantile. I would in every way give encouragement to the ownership of homes by working men. And pardon me for saying right here, that if I had been in Congress, I would have given all the support in my power to the homestead bill of Mr. Wright. Another means of meeting the introduction of labor saving machinery is by reducing the hours of labor. It is claimed that a reduction of the hours of labor means a reduction of the wages paid to labor, but history proves the contrary. The workingmen of Massachusetts earn more now that they only work eleven hours a day, than they did when they worked fifteen hours a day. There are three things which a man must have: He must have something to eat, something to wear, and shelter from the elements. Now, if a man earns only just enough to procure these three things, what is the use of producing any more than these three things? That again touches the question of supply and demand. The difference between a barbarian and a civilized human being is the amount of education which one has over the other. I do not mean mere theoretical education, but I mean the education which a generation gives to an individual or to a race of individuals. Education gives to man mental necessities equal to the physical necessities which I have mentioned (of something to eat, something to wear, and shelter from the elements), so that the broader and more liberal the education, the greater are the various necessities of the individual. Therefore, it is politic for a State to give the greatest possible education to its citizens, in order to make the greatest possible demand on the part of its citizens for the blessings of civilization.

The CHAIRMAN. Would you confine that system of education to the rudiments?

Mr. LITCHMAN. No, I would not confine it. I would add the theory of the kindergarten system, and give a technical as well as a theoretical education. I would teach in schools, as far as practicable (I understand the difficulties in the way), and by the use of tools. I have a boy of my own about ten years old, and it is my purpose to teach that boy some trade. I do not care what the trade is, but I want to teach him some trade. I will give him (as far as God gives me ability to do it in a pecuniary sense) the best education I can give him, but I will insist, so far as my influence goes, that he shall learn some trade, so that when the hour of suffering comes, he will have the inner consciousness that he can go to the bench and earn the ruling wages, whatever they are. The brain which is given him at his birth, with the theoretical discipline of his studies in the public school, combined with the practical education which his trade gives him, will give him a living; at least, will give him an even chance with his companions, and that is all I can do for him. If the drift of things is to make a man a part of a tradesman, and not a tradesman, as in the olden time, he can, at least, be taught a portion of a trade at which he can secure his bread and butter. That is my principle. Education must be compulsory. Selfishness on the part of the poor will sometimes compel them to violate the law, but the law must be supreme, and must say that the good of the whole people shall be first observed rather than the necessities or selfishness of the individual.

It reaches farther than the present. Every one of our boys, and I hope at some time every one of our girls, is going to vote, and the safety of the republic depends, in my judgment, upon an intelligent ballot. The danger to our republic is the attendance at the polls of men who are on the one hand the inferiors of the men who employed them, and on the other hand are too ignorant to understand the ballot which they use, so that they are in either case in the hands of designing men, who, through the power of the ballot which they wield, can step into power and fasten chains more securely around the workingmen.

Now, coming to the question of the hours of labor, if under the old system of doing things it required a certain number of hours to do a certain amount of work, and if through the introduction of machinery that same amount of work can be done in half the time that it formerly required, it seems to me that there is no excuse for working men the same length of time that they formerly worked, because the inevitable result of doing so would be to throw half the number of men out of employment. In my own trade, the introduction of machinery has reduced the number of shoemakers in this State from 70,000 to 50,000. So that I say we can meet the introduction of labor-saving machinery first and above all by co-operation, whereby labor can own a portion of the machinery, and second by reducing the hours of labor. As a proof of that, shoemaking in this State used to occupy about eleven months in the year. Now it occupies only eight months at the farthest, and in some instances only seven months, so that the men are idle from four to five months in the year.

The CHAIRMAN. What causes that?

Mr. LITCHMAN. Because in seven months they can produce enough to last for the year by machinery. If you decrease the hours of labor, then you have got either to increase the number of machines or the number of men. If you increase the number of machines, you give employment to somebody to make the machines, so that the thing will even up. Now if all the work of mankind can be done by machinery, mankind should have the advantage of it. Here is a radical point which I propose to put in. I believe that the time will come when mankind will have two Sundays in the week instead of one—one of them to devote to himself, and the other to devote to his God. He will have five days for labor and two days for rest. That may appear radical and theoretical, and all that, but I think it is perfectly logical.

The CHAIRMAN. He will have one day to worship God, and the other day for recreation.

Mr. LITCHMAN. Exactly.

Mr. MURCH. One day to build up his physical condition?

Mr. LITCHMAN. Exactly. A man who is engaged in exhausting labor, needs two days out of the seven for rest. I have the greatest reverence for the Christian religion, and I go to church when I can, but I have no fault to find with the man who works six days in the week, and who takes the seventh day for absolute physical rest. I have no word of complaint against him.

The CHAIRMAN. Can you give an illustration in any specific case of the evil effect of the convict labor system on any particular industry other than the shoe business?

Mr. LITCHMAN. Yes; I can give an illustration of it in the gilt-molding trade of Massachusetts. A contract exists to-day under which 150 men, or about that number, are employed in Concord prison in the manufacture of gilt moldings. In all New England, outside of the prison walls, there is not that number of skilled workmen employed in the

trade. On the testimony of a manufacturer in Boston, there are not over 90 individuals—men, women, and children—engaged in the trade. Now the contract price is 50 cents a day. The lowest wages for the same class of work outside would be $8 a week. The production of the prison is greater than the production outside. The firm that has the prison contract (on the testimony of the manufacturer to whom I refer) fixes the price at which the moldings are sold, and all the products of that trade have to be sold at the price fixed by the manufacturer of gilt moldings who has the prison contract.

The CHAIRMAN. That is a monopoly.

Mr. LITCHMAN. The State-prison contractor has the monopoly, and yet it has proved a boomerang to the man who took the contract, because he has failed through the accumulation of his stock. The whole system is pernicious, because while in good times the contract system gives the manufacturer an advantage by giving him his labor cheap, it sometimes destroys him in poor times through the accumulation of stock which he is unable to dispose of, and he is bound for a certain number of men. The shoes produced by the East New York Boot and Shoe Company, which has the contract at the Albany penitentiary, are not excelled, in my judgment, except by those produced by two firms, one in New York and the other in Lynn. These are the only two firms whose goods equal the goods made in the Albany penitentiary. But, referring again to this gilt-molding contract, the effect of that contract (by the testimony of manufacturers and workmen alike, who have appeared before the committee of the Massachusetts legislature) has destroyed substantially that industry outside of the prison walls.

The CHAIRMAN. How long has that contract been in operation?

Mr. LITCHMAN. Since the latter part of 1877.

Mr. MURCH. Can you state anything in regard to the extent to which the truck system prevails in this State?

Mr. LITCHMAN. I think to a very slight extent. The Massachusetts legislature, at its last session, passed a bill compelling the payment weekly of wages, when demanded by the men, where the wages are less than $2 a day. I have no knowledge in regard to the truck system in Massachusetts, but I have been brought in contact with it in other States, particularly in Pennsylvania.

Mr. MURCH. Have you ever heard anything in regard to the truck system in the granite works at Cape Ann?

Mr. LITCHMAN. I have not. I do not know whether it exists there, but it has not been brought to my notice. I have been informed that in Fall River the rules of one of the mills compel an employé to board in the corporation boarding-house, even though the employé be single and be living with his or her parents, or even though, if married, he owns his own house.

Views of Mr. George B. Perry.

Mr. GEORGE B. PERRY appeared before the committee at its invitation. He stated, in reply to preliminary questions, that he is a compositor and proof-reader; that he resides in Boston and has resided there about seven years.

The CHAIRMAN. The object of this committee is to ascertain, if we can, what has been the producing cause of the depression in the industries of the country, and especially in labor. State in a general way your views as to the causes that have produced the depression in labor.

Mr. PERRY. That is a subject on which I am not prepared to express

any decided opinion. My opinion on that subject is not well formed, and I have no suggestion to make as to the causes which have produced the depression. I am more conscious of the fact that the depression in labor exists.

The CHAIRMAN. Is depression in labor shown in Boston to-day?

Mr. PERRY. The depression in labor is apparent at this time in some branches of labor more than any others. There is a slight improvement in the volume of business, although no improvement has taken place in the rate of wages paid.

The CHAIRMAN. Are they the same now as they have been on an average for the last five or six years?

Mr. PERRY. Very little if any advance has taken place.

The CHAIRMAN. Do you speak of labor generally, or do you confine your remarks to your own branch of business?

Mr. PERRY. I speak of labor generally, because I consider myself posted as to the building trade, the engineer's trade, the cigar-maker's trade, the cigar business, &c. With the exception of engineers there has been no advance in wages, and with the engineers there has been only a slight advance. Nothing at all in comparison to the advance which would be justified by the increase of business.

The CHAIRMAN. What is the rate of wages in these different branches of business?

Mr. PERRY. It is difficult to fix any scale of wages. They have been all the way from $1 to $2.75. $1.75 a day would be a high average estimate.

The CHAIRMAN. That would be the general average now for skilled labor?

Mr. PERRY. Yes; for skilled labor, such as carpenters.

The CHAIRMAN. The average of wages has been pretty uniform for the last five or six years?

Mr. PERRY. Yes, so far as my knowledge extends; but I can scarcely go back more than three years in these trades.

The CHAIRMAN. Have wages an upward tendency, or are they standing still, or being depressed?

Mr. PERRY. They are standing still. I do not think there is any depression in wages, but there is a movement for an advance in wages. The carpenters are now trying to organize with a view of seeking advance of wages, as the volume of business in their trade justifies it. The tailors have succeeded, after a long season of low prices, in establishing a rate of wages at a small advance.

The CHAIRMAN. By a strike?

Mr. PERRY. No. With one exception all the firms in Boston met their demands for an increase in wages and for a readjustment of prices, the advance averaging about 7 per cent.

The CHAIRMAN. Is the business of this city generally sufficient to employ all the men who are seeking labor and employment?

Mr. PERRY. No; I should judge not. Of course a great city like Boston attracts a great number of laborers from all parts, and there is nearly always an excess of labor.

The CHAIRMAN. And that is the fact at the present time?

Mr. PERRY. That is the fact undoubtedly in my own business, and I believe it to be a fact in nearly every other business.

The CHAIRMAN. What is the average pay of compositors here?

Mr. PERRY. The doctrine of averages is the most deceptive one that it is possible to go on. The fluctuations in the trade are very wide. A comparatively good workman may not be able to make more than $9 or

$10 a week in a printing office, and yet the same workman under other conditions can make $16 or $18 or $20 a week.

Mr. MURCH. They generally work by piecework, do they not?

Mr. PERRY. Generally; and then the most profitable work falls into the hands of comparatively few persons, and these few make high wages.

The CHAIRMAN. Does it fall into their hands because they have more skill, or because of favoritism?

Mr. PERRY. From both causes. It needs a certain amount of skill to do certain work. At the same time, there is nothing exceptional about the skill. I do not use the word favoritism in connection with the matter. Perhaps it is a mere accident, or it may be a question of steadiness. The remedy must come from inside of the trade. The system which enables one man in the trade to make so much more than another man is an evil one, but it must be remedied inside of the trade.

The CHAIRMAN. What remedy would you propose for it?

Mr. PERRY. A remedy inside the trade; a regulation by the men among themselves. The fault lies directly with the men for want of agreement among themselves.

The CHAIRMAN. Do you mean to prevent underbidding?

Mr. PERRY. No; it is a matter that is purely technical and cannot be easily explained.

The CHAIRMAN. You have stated that you thought that so far as regards the employment of men and the prices of labor, the matter was at a standstill. Do you see any prospect of a better condition of things?

Mr. PERRY. Yes, sir; I should judge so.

The CHAIRMAN. Do you think that the improvement is going to be permanent or only spasmodic?

Mr. PERRY. That is a question upon which I am not able to form an opinion. The upward movement has been so recent that it is impossible to tell how far it may go on or how long it may continue. It is solely a matter of opinion. The improvement in business has not been good enough to justify one in forming an opinion, but if I should judge from my own business, I should say that the improvement is not going to be great.

The CHAIRMAN. What have you to say about the eight-hour law?

Mr. PERRY. I believe the eight-hour law to be a great step forward, in every sense of the word, always supposing that there was a corresponding public opinion to sustain it.

The CHAIRMAN. If it is a correct principle, public opinion ought to sustain it.

Mr. PERRY. Public opinion ought to sustain a great many things which it does not sustain. The only question in my mind is whether (with all the wish to see legislation expressed in that direction) it is altogether reasonable to suppose that any great result will follow from legislation which is in advance of public sentiment. On that question public sentiment is yet far in the rear.

The CHAIRMAN. It is a little ahead of Congress, is it not?

Mr. PERRY. Not in that direction, because the eight-hour law is a law of Congress, and public opinion is far in the rear of it.

Mr. MURCH. But the law has been constantly violated by the departments of the government.

Mr. PERRY. They would not be able to violate it if there was public opinion to back up the law. If there was a strong public opinion in

favor of the eight-hour law, it would not be disregarded. The law would be obeyed if it was not in advance of public sentimet. I am sorry to say that the public is far less intelligent in that direction than the framers and promoters of the law.

The CHAIRMAN. Have you knowledge in regard to other trades in the city generally besides your own trade?

Mr. PERRY. Only generally.

The CHAIRMAN. Not enough to give an opinion upon?

Mr. PERRY. Not enough to give an opinion upon.

Mr. MURCH. Do you know of the truck system prevailing to any extent in this city or State?

Mr. PERRY. I had an interview with Mr. Carroll D. Wright, of the Bureau of Statistics, on that subject. My object in interviewing him was because, as a newspaper man, I was anxious to ascertain something in regard to the truck system in the State—I mean the system of paying workmen in orders for goods instead of in money. Mr. Wright told me that in Massachusetts the system was not very prevalent except in one case, and that was at the granite works at Cape Ann. I went then to Mr. Dyer to inquire further, and he showed me some communication from there which indicated that the truck system is a great injury to the workmen, amounting in fact to a decrease of 25 per cent. in their wages.

Mr. MURCH. Is it made absolutely obligatory on the workmen to purchase all their supplies at the company's store?

Mr. PERRY. No; I asked a nephew of Mr. French the question whether the workmen were compelled to purchase at the company's store. He said no, that they could do exactly as they pleased, but that the company's store sold goods as cheaply as anybody else, and that the men did purchase there. On the other hand, men who worked there told me that there is no compulsion on them to purchase goods at the company's store, but that it is advisable for them to do so.

Mr. MURCH. At the risk of losing their employment?

Mr. PERRY. It was not so expressed to me.

Mr. MURCH. But they find it their policy to deal at the company's store?

Mr. PERRY. Yes; it was expedient for them to deal there.

Mr. MURCH. Is that system being practiced by the Cape Ann Granite Works exclusively?

Mr. PERRY. According to Mr. Wright. He said that that was the only place that he could lay his finger on in Massachusetts where the truck system was carried on. There are a number of granite firms on Cape Ann besides the Cape Ann Granite Company.

Mr. MURCH. Do the firms doing business at Cape Ann own the tenements occupied by the workmen?

Mr. PERRY. I was not able to ascertain.

Mr. MURCH. Then you cannot say positively, from your own knowledge, that this truck system exists on Cape Ann. You only know it simply from what you hear?

Mr. PERRY. I only know it from what I hear. I look upon it as a great evil.

This closed the sittings at Boston.

The following communications were received and ordered to be printed with the testimony:

ROOM 16, 170 EAST MADISON STREET,
Chicago, August 1, 1879.

The chairman and gentlemen of the committee to inquire into the causes of and find the remedy for, the depression of labor and business :

The proximate cause of the protracted depression since September, 1873, was the wide-spread prevalence at that time of miscalculation or bad calculation and extravagance in men's business and affairs. This common error of man spreads as prosperity increases, and is apt to become epidemic upon any sudden increase or inflation of a people's property or wealth. It was epidemic and spreading from the war of the rebellion to the panic of September, 1873, when it reached its height, and there was a sudden change for the better, such as a chilling frost brings to cities which are stricken with the yellow plague. This improvement has continued to the present time, being supported and carried on at the dictation of financial common sense, which naturally springs to man's relief when he feels the touch of pinching poverty.

The remote causes, such as the war and the legislation with sole reference to that emergency and the consequent speculation of the masses I will only mention, not dwell upon.

The remedy is good calculation, hard work, and hard saving in equal parts, taken regularly and faithfully until the patients have all reached, as Bobby Burns says, "glorious independence."

An enthusiastic wisher for wealth once read in a paper: "How to get rich for $1. Address, ———, ———, P. O. Box No. —, ——— city." The fellow scraped up a dollar and sent it on. By due mail he received a letter in reponse, which he opened to read only this: "Work like h—l and don't spend a cent." He was just a little disappointed, as all are bound to be who hope to acquire wealth by wishing, legislating, threatening, destroying, or any other honest means, except by diminishing the amount they consume, or increasing the amount they produce, or both.

Very respectfully, yours,

R. P. BLANCHARD.

To the Chairman of the Congressional Committee, Tremont House, Chicago, Ill.:

I am requested to give my views of the condition of labor, the eight-hour movement, the panic, cause of depression, &c.

As to the eight-hour movement, I can give a scrap of personal history and experience.

In the year 1868 a law was passed making eight hours a legal day's work. At that time I was the proprietor and general manager of a large manufacturing establishment, known as the "Chicago Steam Engine Works"; employed about 100 men. When the law came into force, I called the men together; said to them that, as the property was mine, I should have all the say as to its general management; that on the subject of wages they had as much to say as I had; but as to the number of hours of labor, they having the labor, should have all the say. I asked them to agree among themselves as to the number of hours of service. I also informed them that I was in sympathy with the eight-hour movement, and would gladly give it a fair trial. The men decided to work on the eight-hour plan, and I so ran the works for about eighteen months, and until I sold out and leased the establishment to other parties.

As to the working of the plan I was fully satisfied—it worked like a

charm, as the common saying goes. I gave the subject careful study, and became fully satisfied that, certainly during the fall and winter months, the short days, the men did more and better work than they did under the ten-hour plan; and the reason to me was this: many of them lived long distances from the works; a cold, or hastily-prepared breakfast, a hard run to be in time, unfitted them for their work, and the long days dragged in spite of their willingness to do me a good, honest day's work. I saved largely in lights, heat, &c.

As to wages, they are not permanent, and cannot be made so; they change and always must change, as the facts of supply, demand, and the great tides of commerce come and go. Capital has always so planned that labor should have little more than bare existence needs, and this much the laboring man must have, no matter whether the hours are twelve, ten, or eight. The history of the past teaches this so plainly that none need mistake.

The plans heretofore carried out for the purpose of fixing wages have been oppressive, cruel, and brutal. Capital has said, "I will pay you so much; it will keep you alive, and more I will not pay." Capital made both ends of the bargain—fixed the hours of service, fixed the amount of wages, and then said, "You can accept or starve."

Some time since the Chicago Tribune gave an article—one of its heavy, solid ones—no doubt prepared by Joseph himself—giving figures and calculations to prove that a family, man, wife, and three or four children, could live on 35 cents per day. What nonsense! The laboring man should have something to say on the question of wages. I tell them it is their matter, and they should ascertain what amount they need to give them a decent home, give food and clothing for self and family, school, church, and amusement opportunities, and then demand wages that will give them these. It is, and always has been, a matter of surprise to me, that the labor class in America have submitted to the oppression so long. They are largely in the majority, have the power at the polls, and can have all their rights crystalized into laws. But this power is drawing together and centering, in my opinion. Changes are rapidly taking place, light and knowledge are penetrating the dark places, and I believe a revolution is near at hand. God hasten the day, when the laboring man shall no longer be a slave to money.

"Is business improving, and are times getting better?"

A certain class of papers are proclaiming that business is improving rapidly, and that now the country is in a prosperous condition. There are good reasons why we find such reports in such papers. They are found generally in the papers that favored Sherman's resumption policy, sustained the administration in all it did, and predicted that wonderful blessings would be showered upon the land by the operation of the resumption and contraction policies. The managers of these papers must contend that all is better; they will trust all things into their line of argument.

We are preparing for a great election contest. It is a question of life and death to the party in power. If they go into the contest with the times no better, and if their claim that resumption would bring prosperity proves to be a fraud and cheat, they will forfeit the nation's confidence, and will, in the election of 1880, be completely wiped out. I am a Republican; have been since the birth of the party, and say this from my standpoint. Hence the frantic cries of "grand good times again," "plenty of work for all," "great improvement since resumption." This is the disgrace of American journalism. In place of reflecting the times, giving facts and truths, all things are twisted to suit their pur-

poses. No, I answer; the times are really no better. The little changes here and there are spasmodic. There can be no permanent change, in my opinion, until the financial policy of the administration is changed.

Now as to what should be done. Every man in America has at least one plan that differs with every other plan. Mr. Gage gave the committee his plan. The trouble with that is, "it smells too strong of the shop." We all know what the bankers would do if they could have their way. They would destroy all money but that of their own creation. But the people will never again consent that the bankers should have control of our finances. They have not forgotten 1857 and what followed. The banks at that time and before had made the money for the people. Their currency was founded on that wonderful "gold basis" of which we have heard so much, and it turned out to be a fraud and a cheat, as it always has and always will; hence the panic and the great ruin and destruction that followed. Had the paper money of that time been greenbacks, full legal tender, the panic, in my opinion, would never have come upon us, and the suffering and anguish would have been spared to the people.

As to plan, Mr. Gage says, "repeal the legal-tender act and retire the greenbacks." I say prohibit the circulation of all paper money except that created by the government and made full legal tender. This is what the people will demand. Let the government issue to any party and to any amount on surrender of bonds. Make the currency so issued money and not a promise to pay money. It is nonsense to talk of redeeming money with other money. Redeem paper money as you redeem gold, in the payment of taxes, debts, in food, clothing, and in all things that the world has for sale. The laws of demand and supply will regulate the quantity. All forms of property are held and controlled in this way. Honest money is never more than the shadow or representative of property, and will be governed in the same way and by the same laws.

As to the amount now in use, in my opinion there is not half enough to do the business this active driving people are ready and can do, and this, I judge, is specially true of the West. We have all along been trying to bore a two-inch-auger hole with a gimlet, and so the manufacturers, the active business men, the money users, have been at the mercy of the money handlers and money lenders.

As to silver, by all means put the silver dollar an an equal footing with gold; make no discrimination whatever; give to the New World the full benefit of the great silver and gold treasure hid away in the mountains and valleys of the West; do not permit the law-makers to legislate against American interests at the dictate of a foreign money power.

"What produced the panic of 1873?"

The main force, the one that stands out above all others combined, was the operations, the manipulations of the money power; both American and European using the Secretary of the Treasury and the Administration as its tools.

The infamous refunding act—the plan of contraction.

The conversion of government currency into interest-bearing bonds.

The destruction of one-half of the currency of the nation.

These forces were put into operation in the interest of the infernal shylocks, and to the ruin and destruction of the active business men of the nation.

Before permanent and solid prosperity can come an entire change must be made in the financial policy of the government.

The great labor interest must have justice done to it.

The management of the nation's finances must be taken out of the control of the money ring.

The growth and progress of the nation must no longer be measured and held in check by the amount of gold there is dug out of the dirt.

Very respectfully,

C. S. ENGLE.

CHICAGO, *August* 1, 1879.

I have lived in Chicago twenty-three years; was a manufacturer for thirteen years; and have been in the real-estate business for about ten years. C. S. E.

SAN FRANCISCO, *August*, 1879.

Hon. H. B. WRIGHT,

Chairman Congressional Committee on Labor, &c.:

SIR: Herewith please to accept and lay before your honorable committee my views on labor depression.

Autonomous states, by means of changeable facts, may go on establishing a system of government where authority is contained in law and restrained by law, as liberty is contained in right and measured by right; but the state itself, even the most democratic—even that which is ruled by all the citizens—cannot give or take away the right, inate to our *personality*.

By a series of political contracts, the citizen should harmonize his individual sovereignty with the sovereignty of the other citizens of the state; but in these contracts men cannot alienate inalienable rights. It is a contradiction to say the intelligence shall not think and that the will shall not desire. Man possesses a right to be in society the same as in nature, to be before the law the same as before the universe—a person free and responsible.

The organization of human society should not be perpetuated when it contradicts the idea—the spirit of the times, of the century—because it may be merely the product of a historic fatality, and if the only thing worthy of being known is that which happened in the world, and not that which exists in the soul, there is no science of right possible; and if that be so, then there is no hope of reform, because every amelioration proceeds from the contrast offered between the reason, which rises to pure justice, and the imperfection of reality.

In these contests between reason and reality all the reactionists cling to the historical school.

Kings born to command a slavish horde; military aristocracies which live by war; feudal aristocracies who watch as it were a thunder-cloud, the idea of right passing over the brow of their serfs—all oppressors, in fact, invoke the historical school and its sophisms to rivet anew the chains of the people and gild the diadems of despots.

Should one of the people, therefore, suggest a new mode of legislation, it is to be expected that the old cry against experimental legislation will be sounded and history invoked as the executioner.

And yet, as the life-blood of this great Republic is being absorbed, as centralization each day becomes apparent, as the anaconda of monopoly is tightening its folds around our struggling freemen, as imperial Rome is being by our impetuous Latins re-established, we should not pause, even if it be "experimental legislation."

Our "middle class" of citizens has almost disappeared; a few have

been absorbed into the "rich class," the multitude into "tramps," and, to use the language of the great statesman, Richelieu, "there is sloth in the mart, schism within the temple, brawls festering to rebellion, and weak laws rotting away with rust in antique sheaths."

A voice from the Orient asks the cause of labor depression; the echo from the Occident replies, centralization, monopoly, Cæsarism.

Take, for illustration, our so-called national banks. They deposit, as security, our national bonds, on which they draw interest; they loan their notes on which they draw interest; with the friction and abrasion common to all currencies there are large amounts annually lost, which swell the profits until combinations of such corporations, with the power that wealth bestows, dictate to our national Treasury.

I must be allowed to say to you, gentlemen of the Congressional committee, that I think a great error is committed on this question of finance, an error which pervades the whole body politic, and has its effect directly upon the poorest man in the land; these banks of issue should be closed at once and forever. The government should issue sufficient money for its citizens, and establish a uniform rate of interest; and when the immense profits which now accrete to banking corporations shall flow into the national Treasury and overflow its coffers, it will lighten taxation and afford millions for public improvements. And when we issue "money," and not a promise to pay money, with its face value not restricted for any use whatever, exchangeable at will into national bonds, bearing a common and uniform interest, the nations of the Old World will receive the same as readily as they do our bonds or gold for customs.

And why? Is it not money? It matters not whether paper or metal, it carries with it the indorsement of over forty millions of freemen, and is exchangeable for anything within the length and breadth of the commercial world.

The government should loan the States, the States should loan the counties and municipalities, and those localities should loan their citizens, taking in each case such security as would be offered to a private corporation now.

Let the uniform rate of interest everywhere be — per cent. per annum, and being exchangeable at will into interest-bearing bonds, the supply and demand would regulate themselves. Then industries could be inaugurated and carried on with a solid basis; the profits not being all absorbed by the usurer, capital could afford to remunerate labor; a combination of banks locking up their money to create a temporary stringency for their own sordid end would be impossible, and the many evils which act directly upon our citizens in times of contraction would be a thing of the past. Employment would be abundant, because with a steady supply of money at a low and uniform rate of interest manufactories would flourish and the class of producers increase. I have neither time nor space to enter minutely now into details, nor do I class the moneyed corporations as the only great evil; all of our great corporations should be subject to and controlled by rigid laws, and our monopolies abolished as far as possible. The centralization of power should be jealously guarded against.

The power of vigilance as a tribunate, as an ephorate joined to the executive power, charged to watch the execution of the laws, when such officers charged to execute the laws fail in the performance of their duty—such a tribunal should suspend them and appeal to the people.

My fellow workingmen on this coast expect me to say something on the Chinese question. I will, therefore, state that the thousands of

Mongolians already here have, by their manners, customs, and religion, caused us to look with alarm at the possibility of the influx of countless hordes of such people and the ultimate effect on the welfare and prosperity of our country. Yet as this matter is now purely local, affecting but a small area of country over which a labor depression exists, the Chinese question cannot be said to be a factor in the cause except as regards perhaps the Pacific coast, and its effect is an integral part in its reflex action upon the whole country.

In my judgment our statesmen should take a broader view of this question, and by wise and timely legislation avert impending disaster. This Chinese question, like other ills complained of in other localities, should have due consideration, but the general points to which your attention is invited in this paper are general evils.

The tendency to centralize power has been apparent in all branches of the national and State legislation, notably within the last twenty years. Special legislation has been too frequent for the general good; valuable franchises given with scarcely an attempt to disguise the corrupt manner in which they were obtained, subsidies voted for questionable purposes, the effect of nearly all of them being to drive out that healthy competition so necessary to the life of trade, and support monopolies that are in direct conflict with the general welfare.

To successfully compete with these evils, men in the various branches of trade and commerce have been driven into private corporations to assure themselves pecuniary strength sufficient for success in their enterprises. These combinations, appreciating the immense power derived from money, have gradually, but surely, encroached upon their weaker competitors in business, and have, too often, employed their position to unjustly crush out their rivals; the ultimate result being that the rich became richer and the poor helpless.

Our transportation lines by land and water have become a vast network of monopoly, and in many instances combined oppression, wringing from the producers the last farthing possible to obtain. Large land-owners are imitating, in their rapacity and greed, the titled gentry of the old world. Tax-gatherers corruptly discriminate between the rich and the poor, and thus the multitude are ground between the upper and nether millstones into the dust of poverty. They struggle year after year on the farm or in the shop, vainly opposing the results of these combinations, until, unable longer to pay the tithe, they sink to the level of a "tramp."

Just as long as the purity of elections is sustained, as long as the judicial ermine is uncontaminated, so long will the people respect the law, and the result will ever tend to free progressive government, necessarily republican in form, for one is a synonym for the other. The diversified interests of a sectional nature throughout this vast domain embraced within our country's boundaries, necessarily oppose themselves with, sometimes, irresistible force to the relations of this idea, but the nature of the earth and the character of the communications between those sections, the necessity all men feel to join in bonds of common laws, give assurance that the education of the masses must found each State on a republic, internally, and all States for purposes of external relations in federations.

Is the purity of the ballot-box to-day like Cæsar's wife? Is the judicial ermine spotless?

Which of you gentlemen composing this committee can lay your hand upon your heart and truthfully reply in the affirmative? What is the ultimatum of the negative? I dare to express my opinion, since

you have come so far to ask it. When the ballot-box becomes a farce, when the very mention of law provokes a sneer on the countenances of the masses, when our courts and executive offices are surrounded by a dense atmosphere of fraud and corruption through which the complaints of the people cannot penetrate, then are we treading on the brink of *revolution*. You may call me communist, visionary sand-lotter, or tramp; but you, gentlemen, may be certain that the very stillness of the air gives token of the earthquake. All without is as the marble, smooth, while all within is as rotten as the carcass it contains.

Committees appointed to investigate a certain subject, too often ap ply at the wrong house for information; and in the present case, I ask you, where is the best place to gather the information for which you are in search? Is it to be found in the palaces of the rich, where with luxurious ease you can discuss the pangs of hunger and its cause? Or will you be able to discern it in the columns of the daily press, whose paragraphs are founded in truth, whose assertions are always based on honor? They would scorn to mislead you!

I trust, gentlemen, that you will not deem me a cynic or misanthrope. I have, at last, found one of our institutions (republican) on which we can rely! For who would accuse a newspaper of to-day with uttering an untruth; of accepting largesse; of being subsidized; of misleading the masses; of blackmailing the rich; of dealing in billingsgate by the wholesale? Not I, for one. They own presses and can throw more mud than I could. Vale, immaculate knights of the quill!

I tell you for a truth that, in spite of our "solid men," our "solid buildings," and our "solid banks," there are not less than five thousand hungry people within the radius of your vision when you take the evening air on the promenade on the summit of the Palace Hotel. Did I say hungry? I should say *literally starving!* One meal to-day, and one the day after to-morrow (if they can obtain it).

Respectfully,

H. T. HOLBROOK.

SIDNEY, IOWA, *October* 20, 1879.

To Hon. HENDRICK B. WRIGHT,
Chairman Congressional Labor Committee,
Washington, D. C.:

DEAR SIR: I have investigated the records showing the indebtedness of Fremont County, and find the following facts and figures, viz:

Land mortgages recorded in last three years, 3,000, amounting in aggregate to about	$2,100,000
Chattel mortgages recorded in two years, 1,900, amount	650,000
Judgments and taxes	750,000
Private debts	1,500,000
Total	5,000,000
Assessed value of property in county	4,000,000

The foregoing figures are correct, as shown by the records of Fremont County, and the best information that can be procured of the private indebtedness of same; and we believe that said county is the best and richest in the State in agricultural wealth; population, about 20,000, of as industrious and economical citizens as can be found in the State.

Yours, truly,

GILES COWLES,
Ex County Treasurer Fremont County, Iowa.

Hon. Hendrick B. Wright,
Chairman Congressional Committee
on the Depression of Labor:

Sir: At your request, I gladly avail myself of the opportunity so kindly presented, to lay before your honorable committee a few thoughts which I think have a practical bearing on the subject-matter of your investigation. As the general question as to the causes of the recent depression of labor opens up a broad and almost endless discussion, I shall beg leave to confine myself strictly to what I consider one of the causes, and wherein remedial legislation will prove beneficial.

I allude to the necessity for a reduction of the hours of labor. The subject came before Congress in 1868, in which year, what is known as the national eight-hour law went into effect. Though still on the statute-book, its observance is not generally nor uniformly enforced. As a recommendation from your committee could not but have weight in the struggle being waged by workingmen to secure its enforcement, I shall briefly sketch some of the arguments with which we press the matter upon our legislators. Dismissing the question at once whether a law remaining unrepealed should not be enforced, let us see if good reasons do not exist why it should be enforced upon its own merits.

First. We ask it in the name of political economy. All political economists are agreed that the standard of wages is determined by the cost of subsistence, rather than by the number of hours employed. Wages are recognized as resulting from the necessary cost of living in any given community. "The natural and necessary rate of wages" of which we sometimes hear, is such a rate as will supply, to use the words of Adam Smith, "Not only the commodities that are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people even of the lowest order to be without."

The cost of subsistence for an average family determines the rate, and it is for this reason that single men can save more if they will. They reap the advantage from being exceptions to the general custom. Women's wages are always lower, because custom has not made others dependent upon them. Wages have been and will be regulated by existing conditions of living. In 1444 the rate of wages in England for agricultural labor, averaged about four pence a day, but the price of board was only two pence. In Rome under Diocletian and Constantine Chlorus, an agricultural laborer received, on an average, equal to twelve and a half cents a day, but the cost of subsistence was in proportion.

Second. We ask it in the interest of civilization. The battle for the reduction of the hours of labor is a struggle for a wider civilization. Civilization demands a prosperous and contented people, with increased wants and means to supply them. To refuse aid to willing hands to cultivate our idle lands, to import a servile race, that thereby the cost of subsistence may be reduced to a far lower standard and a lower level for all be reached, and to insist on long hours of toil when thousands are standing idle, all are deadly blows aimed at the very foundation of modern civiilzation.

A decrease in the hours of labor means rest, and rest is invariably accompanied by increased wants. Release the poor drudge in the mine or the factory from his long hours of toil, and give him daily hours of relaxation and leisure, and you at once raise him in the social scale. Rest cultivates.

We insist that every reduction in the hours of labor heretofore made has elevated the working people; that increased leisure has invariably

produced new wants, has added to the necessaries of life, and consequently has raised the social condition of the people. The setting apart of one day in seven for rest wherein no man shall labor, is a prime factor in the growth of civilization. We never hear the charge that wage workers receive seven days' pay for six days' work, simply because conscientious conviction has become hardened into national custom. The cost of subsistence—what will support a family, not what equity requires—is the test by which the standard of wages is determined. For once the reformer and the political economist agree, and the question arises, Shall eight hours a day, like six days a week, become firmly fixed as a national custom, so far as the government can establish it?

The whole history of the short-hour movement in England proves conclusively that every reduction of time in the United Kingdom has invariably been followed by an increase in wages. When the agricultural laborers in certain counties of England secured additional hours of rest, but a short period was needed to see a marked difference in their social condition. Flowers began to blossom around their cottage walls, the broken gate was mended, and the garden more carefully cultivated. Inside of those humble dwellings where the laborer had formerly entered at the conclusion of a long day's labor only to throw his weary body down to rest, articles of comfort began to come in, and a general feeling of manliness and pride was awakened. With increased comforts came increased wants; increased wants brought a higher cultivation and a higher standard of wages than in those countries where the hours had not been reduced.

Third. The changed relations between production and consumption demand it. Should the changed condition of our industrial system, arising from the rapid development of mechanical appliances, whereby hand labor has been so largely superseded, call for remedial legislation? Political economists recognize the evil, and propose to meet it by such measures as will preserve to the people what custom has heretofore rendered it indecent to be without. To do this less hours of daily toil are essential. A reduction of hours, means less idle hands, more persons profitably employed. By increasing the number of employed, consumption will be stimulated, overproduction checked, and a more balanced relationship between the two established.

In the manufacture of cotton fabrics one girl to day can do what two generations ago would have required the united labor of 100 women, and in woolens the use of machinery has laid aside 70 per cent. of the laborers. In cutting and harvesting grain, one man now does the work that formerly would have required 384 men to perform. In Massachusetts the effect of machinery is strikingly shown in the boot and shoe trade. In 1845 the number of hands employed, 45,877, produced 20,896,312 pairs of boots and shoes; in 1875 the number of hands employed, 48,090, produced 59,762,866 pairs. In thirty years the total production has nearly trebled, while the number of persons employed is but slightly in excess of what it was in 1845, and far below the number employed in 1855, when the census showed 77,827.

From 1865 to 1875 the number of establishments in this trade in Massachusetts increased from 206 to 1,461. The examination of the tables given in the State census shows that in the ten years cited, establishments have increased sevenfold; capital invested has nearly doubled; the value of stock used has increased nearly two thirds; the value of goods made has increased three-fifths; the number of pairs made has increased nine-tenths. Yet in the same period the number of persons employed in this one industry has fallen off from 52,821 to 48,090!

If we look at the other industries, wherever we find an increased number of persons employed we will notice that the increase in production is far greater in proportion. The conquest of man over nature is rapidly augmenting in results, but the question whether the people are in like measure benefited has but to be asked to be answered. Are peace and contentment more promptly realized? Are the pangs of hunger more readily alleviated? Are the necessities of life more easily attained? or do privation and poverty remain as marked as in the preceding century? Has not what improvement exists in the material condition of the workingman directly followed from the additional leisure acquired through reduction in the hours of labor, rather than from any other source whatever?

Machinery in the boot and shoe trade in Massachusetts has increased productions, swelled the capital invested, and augmented profits, but has it lessened the toil of the poor drudge employed, brought increased comfort to his hearth, or placed him in any higher social condition? Labor has been *saved* to the employer only; the tireless muscles of the inanimate machine have not only displaced the living muscles in many cases, but in others have increased the strain upon them by requiring an increased speed to keep up with the machine.

Professor Huxley says that the seven and a half millions of workers of England can produce as much in six months as would have required one hundred years ago the entire working force of the whole world one year to equal. Mr. Gladstone, in a careful estimate of the production of wealth in Great Britain during the present century and up to the year 1870, finds that the aggregate that has been acquired in this period is equal to that of the whole previous period from the landing of Julius Cæsar, 55 years before the birth of Christ, and that the wealth produced between 1850 and 1870 was fully equal to that of the first half of the present century.

Shall not labor enter into the benefits arising from this increased wealth more directly?

John Stuart Mill says:

> It is questionable if all the mechanical inventions yet made have lightened the day's toil of any human being. They have enabled a greater population to live the same life of drudgery and imprisonment, and an increased number of manufacturers and others to make fortunes; they have increased the comforts of the middle class, but they have not begun to effect those great changes in human destiny which it is their nature to accomplish.

Sir, your committee, I trust, will recognize the importance of this question of the reduction of the hours of labor. The great industrial revolution which we are undergoing, the change of human activity from warlike to industrial pursuits which constitute the essential characteristic of modern civilization, and the happiness of the producing classes, which forms the foundation of a republican form of government, alike demand your consideration of this question. The enforcement of the national eight-hour law would be accepted by workingmen everywhere as a signal proof that their prayer has been heard and the first step taken toward the universal acceptance of eight hours as a normal day's work.

It was to the government that the credit is due for the reduction from eleven and twelve hours to ten in the order issued by President Van Buren, which I herewith append. May we not hope that the government may also follow in his footsteps, and further modern civilization and human happiness by establishing eight hours as a day's work in all na-

tional workshops, thereby preparing for its adoption as a national custom?

I remain, sir, very respectfully,

SAMUEL C. HUNT.

BOSTON (CHARLESTOWN), MASS.,
November 10, 1879.

In the year 1840 President Van Buren issued an executive order limiting the actual working time of government employés to ten hours per day. The following is a copy of its official announcement in the Boston navy-yard:

Order for ten hours on all public works.—By Martin Van Buren, President of the United States.

GENERAL ORDER FOR THE REGULATION OF LABOR IN THE NAVY-YARDS.

NAVY-YARD, BOSTON, MASS.,
April 10, 1840.

By the direction of the President of the United States, all public establishments will hereafter be regulated as to working hours by the ten-hour system. The hours of labor in this yard will, therefore, be as follows, &c.

MILLWOOD, WESTMORELAND COUNTY, PA.,
December 30, 1879.

Hon. HENDRICK B. WRIGHT,
Chairman Committee on Labor, &c.:

DEAR SIR: I have your favor 24th ultimo, in which you ask me to answer the following questions:

1st. What, in your judgment, produced the depression of the financial and business affairs of the country in 1873?

2d. What was the effect of that disaster on labor?

3d. What are your views as to the propriety of withdrawing the bank currency and supplying its place with legal-tender notes; such notes as are commonly known as greenbacks?

4th. What is your opinion as to the levy of an income tax?

5th. What remedy, by way of national legislation, would you propose to cure the evils which the industries and labor of the country are suffering under?

For many years prior to the failure of Jay Cooke & Co., which event inaugurated the panic of 1873, the governments, the corporations, the merchants, the owners of manufactories and mines, the farmers, the owners of property, and men of scientific and literary attainments in this country enjoyed a credit which was almost limitless. This credit resulted in the creation of debts of such immense magnitude as to defy the comprehension of most men. Their vastness can be appreciated only by aggregating them; I will therefore enumerate them as they now exist, premising they were greater in 1873 than at present, for the reason they have been since then largely reduced by proceedings in bankruptcy, and but few new debts have been made:

Our Federal Government pays interest on	$1,900,000,000
Our State governments pay interest on	370,000,000
Our city governments pay interest on	1,000,000,000
Our railroads pay interest on	4,600,000,000

Our mining, manufacturing, and navigation corporations pay interest on	$1,000,000,000
Our national banks pay interest on deposits	700,000,000
Our national banks pay dividends on their capital stock	400,000,000
Our savings-banks pay interest on deposits	1,500,000,000
Individuals have the deposits and the capital stock of the national and savings-banks, borrowed, and pay interest on it	2,600,000,000
	$14,070,000,000

In addition to this vast sum, nearly every county, township, school district, borough, and most men of mature years are in debt and pay interest.

It is manifest from this array the aggregate of the government, corporate, and individual debts of this country upon which interest accrues are not less than $15,000,000,000, and may be twice that amount at this time. The rate of interest on them ranges from 4 to 12 per cent., and the average rate is probably not less than 8 per cent. per annum. With the exception of the debt of our Federal Government, the money received for the remaining debts was invested in the construction of railroads and other means of transport, in extending the area devoted to agriculture, in the creation of new manufactories and increasing the capacity of those in existence, in multiplying the number and capacity of our mining establishments, and in the erection and construction of beautiful and substantial public and private edifices and improvements. These investments of the money borrowed met the approval of the lenders, and gave to the people of this country the means to produce nearly everything consumed by humanity, with less physical effort than any other nation. This conviction must have been enjoyed alike by lenders and borrowers, for the reason that production at minimum cost is, in the opinion of all inteligent men, the only way to accumulate wealth, and without acquiring wealth the borrowers would be unable to pay interest or principal of their debts. There was no other basis for the boundless credit which enabled our people to incur a debt unparalleled in its magnitude. The farms prepared for cultivation, the manufactories and mines created for the fabrication of those things necessary to discharge the duties of life, the railroads which penetrated every portion of our country, constructed to distribute cheaply and rapidly the products of labor by the money thus borrowed, would all be worthless unless they could be utilized in the production of those things consumed by humanity, with less labor than other nations. In view of the fact we agreed to pay a rate of interest on these debts about three times as high as the rate paid by the people of Great Britain and Europe, our rivals in nearly every product of our soil, our mines, and our manufactories, and in view of the truth the rate of interest is the arbiter of the cost of every commodity produced, it became manifest in 1873 that our farmers, our manufacturers, the owners of our mines, and the millions who labored for and were wholly dependent upon them for those things essential to their existence, were unable to realize out of their products a sum sufficient to meet the demands of their creditors for interest, and, as an inevitable sequence, their property diminished in value, and the credit they previously enjoyed in consequence of the belief in their ability to produce in defiance of all competition was dissipated, and the fear of loss produced the panic of that year.

Admitting the ability of the producers of our country to produce all the commodities which result from the cultivation of the soil and the operation of our mines and manufactories with less labor than other nations (and certainly no one doubts it), the conclusion is inevitable the

outlays of our producers are greater than the outlays of rival producers, or we would exclude their products from our own country and defy their competition in contending for supremacy in all the other markets of the world.

Notwithstanding our unquestioned ability to produce with less labor than other nations nearly every article consumed by humanity, we have, during the five years preceding the first day of July, 1878, when the wages of labor were lower than ever before in our country, and millions of men sought employment for a meager subsistence, purchased, imported, and consumed $1,198,159,970 in value of barley, oats, rye, wheat, pease, beans, potatoes, rice, flaxseed, flour, ale, beer, porter, wine, brandy, clothing, copper, lead, flax, hemp, salt, sugar, molasses, bituminous coal, manufactures of cotton, flax, silk, wool, glass, iron, and leather. The value of these articles, for each of the five years, was, in 1878, $198,269,487; in 1877, $206,965,360; in 1876, $226,019,175; in 1875, $263,388,573; in 1874, $303,517,375.

They were indispensable to our comfortable existence. They could have been produced in our own country, with less labor than was required in their production in those countries whence they were exported, and yet their purchase is conclusive evidence they were purchased with less money than would have been required to produce them in our own country. The Edgar Thomson Steel Works of Pittsburg are now importing 10,000 tons pig-iron from Great Britain. They pay an import duty of $7 per ton, and not less than $10 per ton freight on it. More than one-half the cost of the iron is for duty and freight, all paid by the producer in Great Britain, who no doubt makes a profit. With this bounty of $17 per ton in favor of the producer of pig-iron in Pittsburg, and with the ability to make a ton of pig-iron with less labor than is required in Great Britain, the producers of pig-iron in Western Pennsylvania are unable to compete at home with those of Great Britain. How can the amazing anomaly involved in these facts be accounted for? Only on the hypothesis that the outlays of producers in the United States are greater than the outlays of rival producers.

I will endeavor to demonstrate that has been and is now the case. An analysis of the cost of production is a preliminary necessity.

The outlays of producers are the amounts they pay for labor, for taxes to support their governments, and for interest on the capital invested and used in all their varied operations.

The indispensable outlays of laboring men are the amounts they pay for the rent of houses to shelter themselves and their families, for clothing to cover their nakedness, and for food to replace the waste of nature. They cannot exist on less. Failure to get them is death. The price of rent is fixed by the outlays of owners of houses for taxes to support their governments, for repairs, and for interest on capital invested in land and houses.

The amount which governments must collect from their citizens is fixed by their outlays for interest on their debts and for salaries to their officials and for any other needed outlays.

The amount of the outlays of farmers, manufacturers, and owners of mines is regulated by the amounts paid for labor, for taxes, and for interest on the money invested in land, farm-stock, implements, buildings, machinery, and otherwise in their operations.

It is obvious if the rate of interest in the United States was reduced from the average of 8 per cent. to the average rate of Great Britain and Europe, which is less than 3 per cent. per annum, the outlays of governments, owners of houses, farmers, manufacturers, and owners of

mines for interest would be reduced about two-thirds, and the price of wages, rent, clothing, food, and the rate of taxation, and all the expenses of living, and the cost of production would be reduced in the same ratio. It is thus made distinctly evident the rate of interest on money is the absolute arbiter of the cost of every commodity produced, and the higher rate paid in the United States than in rival producing countries is the sole cause of the depression in our productive industries, and the poverty and misery which have prevailed in this country the past six years. The truth of this proposition will be made still more manifest by the following elucidation: If the debts of our governments, corporations, and individuals amount to $15,000,000,000, and the average rate of interest on them is 8 per cent. per annum, it requires $1,200,000,000 each year to discharge the interest. When to this item is added the compensation paid to the officials of our national, State, and municipal governments, our secular and religious teachers, our lawyers, and doctors, our railroad employés, our merchants, and other non-producers, amounting to at least $1,000,000,000 each year, we have the grand aggregate of $2,200,000,000 paid to the non-producers for the use of their capital and their services each year. The whole number of the non-producers of this nation, men, women, and children, is not over 4,000,000. There is but one source whence this vast annual contribution of $2,200,000,000 to the non-producers can be derived. It must come from the producers of our country, and is therefore a tax upon production for the whole amount. If their products, in excess of what are required to support themselves in existence, do not sell for a sum sufficient to meet the demands of the non-producers, the deficiency must be made out of their accumulations. That the products of the producers are inadequate to meet the demands of the non-producers is evidenced by the rapid concentration of the property of the producers, into the hands of the non-producers by legal process.

The rapidity with which this revolution is progressing is evidenced by the long lists of sheriff's sales in every judicial district of our country. The amazing spectacle is presented of 40,000,000 human beings, who produce everything consumed by the nation, who furnish every dollar that is spent as well as every dollar that is accumulated by the non-producers, who put into office the officials who have enacted the laws and are now executing them by which the 4,000,000 non-producers are enabled to absorb all the 40,000,000 produce, and all they have accumulated, submitting to their financial immolation with apparent satisfaction. They possess the power to remedy the ills which are paralyzing them and could apply the remedy, in harmony with sound policy and justice, almost instantly. Whenever the outlays of the producers to the non-producers are reduced to an amount which can be paid out of their products and leave in their hands an amount which will afford them a compensation for the capital they employ equal to the compensation realized by the non-producers on their capital and for their services, the producers will be as prosperous as the non-producers. It is manifest, from the facts I have presented, the panic in 1873 and the "depression of the financial and business affairs of our country" which followed were the inevitable sequents of the high rate of interest which our governments, our corporations, and our people had agreed to pay on the money borrowed to increase our means of producing those things consumed by humanity, the inability of our producers to sell their products for a sum sufficient to pay the interest, and the depreciation in the value of property which could not be utilized in productions without loss. I have thus answered your first question.

When the farmers and the operators of the manufactories and mines of our country realized their inability to obtain for their products a sum sufficient to meet their outlays, they at once reduced the wages of labor, for the reason that was the only item in their outlays which they could at once diminish. They were the only employers of labor in the land—they contributed everything the laborers consumed, as well as everything they accumulated; without their aid starvation was the lot of the millions who labored for them; goaded by empty stomachs, the pitiless storms, and tattered garments, the laboring people wisely yielded to necessity, and accepted the wages offered to them. The remaining outlays of the producers, interest and taxes, are undiminished. They cannot be diminished without a radical change in our laws. The resistless power of money has, thus far, baffled every attempt to equalize the compensation of the money lenders and government officials with that of the farmers, the manufacturers, the operators of mines, and the millions who labor for them. While the money lenders realize an average of 8 per cent. per annum for the $15,000,000,000 they have invested in the debts of our governments, our corporations, and individuals, our farmers and the owners of our mines and manufactories get no compensation for a much greater number of billions invested in farms, farm-stock, implements, machinery, buildings, and mining operations. While the officials of our national, State, and municipal governments and other non-producers get a compensation for their services as great as during the period of our greatest prosperity, the toiling millions of our country are either sweltering in poverty or living on a scanty allowance. Until the outlays of the producers for interest and taxes are reduced, so that they can realize out of their products an amount sufficient to secure them a compensation for their capital equal to that realized by the money-lenders, they will be unable to remunerate laborers any more liberally than they do. I have thus answered your second question.

There is but one remedy for the financial ills which have so long paralyzed our productive industries and oppressed the laborers of our country: reduce the rate of interest in the United States to the standard of rival producing countries, and the salaries of all officials in the same proportion. So long as the farmers, the operators of our mines and the manufactories, and the millions who labor for them, the producers of our country, are compelled to pay an average of 8 per cent. interest on the debts for which they are liable, while the producers of Great Britain and Europe, our rivals in nearly every product of our soil, our mines, and our manufactories, pay an average of not over 3 per cent. interest on their debts, and while the minimum amount of the debts on which our producers pay interest exceeds $15,000,000,000, and the maximum amount of the debts upon which the producers of Great Britain or any of the governments of Europe pay interest is less than $15,000,000,000 making the outlays of our producers, for interest alone, at least $750,000.000 more each year than the outlays of the producers of any other government, our producers will swelter in poverty, and we will continue to import many of those things essential to our existence, at a less cost than we can produce them for, notwithstanding we can produce them with less labor, and if the outlays of the producers were fairly equalized we would produce them at less cost.

These facts make it plain the preliminary step on the road to prosperity is a reduction in the rate of interest in this country to the standard of rival producing countries, which would be speedily followed by the production in our country of nearly everything we consume, as well

as nearly everything consumed by other nations, at prices so low as to enable our producers to contend with profit to themselves for supremacy in all the markets of the world, for every product of our soil, our mines, and our manufactories.

How can the rate of interest be adequately reduced? To answer this question properly it is necessary to ascertain what fixes the rate of interest on money. The rate of interest is regulated by the relation of the supply of money to the demand for it. Whenever the demand for money exceeds the supply, the rate of interest rules high. Whenever the supply of money is greater than the demand for it, the rate of interest rules low. All efforts to control the rate of interest by legal enactment have been failures. In this State the law limits the rate of interest to 6 per cent. per annum, and imposes penalties designed to restrain lenders from accepting any higher rate, yet money-lenders of every description, bankers as well as private lenders, constantly and openly violate this law, and accept any rate they can get. Our national banks now charge as much as 9 per cent., and private bankers and lenders much higher rates. The almost universal disregard of the law limiting the rate of interest, tells us distinctly there must be some other and more potent restraint than prohibitory laws devised to keep money-lenders within proper bounds. The only true criterion of the proper rate for interest on money loaned is the relation between the compensation for money loaned and for money employed in production. Whenever the compensation for money loaned is greater than the compensation for money employed in production, it is obvious the supply of money is unequal to the demand for it and the rate of interest is too high. The owners of property at such times are unable to sell it, for the reason property which yields an income less than the income for money loaned is valuable only in that proportion, and the longer this disparity in the compensation of money-lenders and producers continues, the greater will become the depression in the value of the property of producers, and the only escape from the final immolation of production will be a just equalization in the compensations of money-lenders and producers. Production has for many years been in a ruinous state of depression, while the business of lending money has been in the highest degree remunerative in this country. Our Federal Government has the power to remedy this evil speedily. It possesses the right to collect from the people the amount needed to meet its outlays, and the concurrent right to issue paper money sufficient to do so.

During the last year the Federal Government collected from the producers of the United States about $265,000,000, to pay the interest on its debts and the salaries of its officials. If the government had exercised its unquestioned right, and issued paper money sufficient to pay these debts it is obvious the producers would have retained the amount in their hands, and been enriched the whole amount, and the money-lenders would have a like increase in the amount of money to loan, and with that addition to the volume of money in circulation, it is evident the power of the money-lenders to exact maximum rates of interest would to some extent be curtailed, and if the same operation was continued long enough, a just mean in the compensation for money employed in production and for money loaned would be inevitable. When that end would be attained sound policy would dictate a cessation in the issue of money, and a restoration of the collection of taxes to meet the outlays of the government, which would arrest the reduction in the rate of interest. There is no way by which that equilibrium, in the compensations for the capital employed by money-lenders and producers, essen-

tial to maintain our producers in permanent prosperity, can be established and perpetuated except by our Federal Government exercising wisely the power it possesses to furnish the people sufficient money to transact their business, and the only unerring index of the proper amount of money in circulation is when the rate of interest on money loaned and the compensation for money employed in production are fairly equalized. The material used in the fabrication of money wields no influence in accomplishing this result. Experience and the light of reason tell us paper money is as good as coin money in settling the balances which arise among men in their business transactions. The only mission and duty of money is to settle or pay these balances. The assumption that money made out of gold and silver has a permanent intrinsic value equal to its value as money, and is therefore preferable to paper money, is entirely fallacious. The ultimate value of coin money is as uncertain as the ultimate value of paper money. Whatever value gold and silver possesses is the result of the demand for them in the fabrication of money and ornaments. If the demand for them for making money should cease, or be materially curtailed, or if the production should be largely increased, their value would be reduced and they might become worthless. The ultimate value of either coin or paper money can be made absolutely certain only by the government receiving it in payment of taxes, and when received destroy it. Why should gold and silver be issued for making money? The producers contribute the whole amount expended by our Federal Government in the purchase of the bullion and its manufacture into money. To do so involves an outlay at least one hundred times greater than would be acquired to make the same amount of paper money, and when made it is rarely used, except to settle the balances in favor of the producers of foreign countries, to whom it is shipped generally as soon as coined.

During the fiscal year 1878 our Federal Government coined $81,120,499.50 gold and silver money, and as soon as it left the Treasury it commenced its journey to foreign lands, which is proven by the fact that the exports of coin money and bullion that year exceeded our imports of coin and bullion $3,918,811. Every dollar of this was furnished by the producers of our country, and was a tax upon production for the whole amount, nearly all of which would have been saved if the government had made and issued the same amount of paper money in place of coin money. During the year 1878 our Federal Government issued and sold her bonds, bearing interest, for an amount sufficient to accumulate $141,888,100 gold and silver money, for the purpose of resuming specie payments on the 1st of January, 1879. In place of using that large accumulation of money for the purpose for which it was borrowed, it has been lying unemployed in the vaults of the government treasuries, and the greenbacks (it was borrowed to replace) and national-bank notes are performing the duties of the idle coin money with more satisfaction to all the people than coin money.

The outlay of the Federal Government for interest on the bonds sold to get this idle coin money, and the expense of constructing the vaults requisite to store it, the wages of the army of men engaged in guarding it from the assaults of the hungry millions of our country, the salaries of the officials and clerks employed to manage the transaction and to record, in proper books, the history of the operation, amounts to many million dollars, all of which is paid by the oppressed producers of our country. Our Federal Government has reserved, from its birth, with jealous selfishness, the right to make and issue coin money, and delegated to individuals, aggregated into corporations called banks, the

right during most of the time to make and issue paper money. The expense of making and issuing the paper money and all the profit which resulted from it has always been paid by the producers. The magnitude of this contribution is apparent from the dividends declared by our national banks for many years, amounting to an average of at least 10 per cent. each year upon a capital stock of not less, on the average, than $400,000,000, and the amount the banks pay their officers and clerks for services, not less than the sum distributed in dividends. Is it honest, is it wise in the managers of our Federal government to delegate to individuals the opportunity to realize a profit of $80,000,000 each year for dividends and services for the privilege of furnishing the people with $400,000,000 national-bank notes, to enable the people to settle the balances which arise between them in their business transactions? It would not cost the government the one-hundredth part of that amount to furnish for years $400,000,000 paper money, having the nation as sponsors for its ultimate value. I have made it plain, the producers of the United States have contributed during the last year $81,120,499.50 to enable the Federal Government to coin and issue that amount of gold and silver money, which was at once handed over to the money-lenders of other countries to pay the interest we owe them, at least $15,000,000; to enable the government to pay the interest on bonds issued to buy the gold and silver money necessary to commence specie payments, which, in place of being thus used, lies idly in the vaults of the government, the salaries of officials, clerks, and guardsmen to watch it, and $80,000,000 to the owners and managers of our national banks for dividends and salaries. These large amounts, aggregating $176,120,499.50, were contributed by the producers of our country to our Federal Government and our national banks, during the last year, to provide the people with money to settle the balances which arose between them in their business operations. It was a tax upon production for the whole amount. The only persons benefited by the contribution were the money-lenders of foreign countries, who received the $81,120,499.50 gold and silver money coined, the officials, clerks, and guardsmen employed in the steel-clad treasuries, and the money-lenders from whom the contents of the treasury were borrowed, and the owners and managers of our national banks, while our paralyzed producers sweltered in poverty to meet these and the other demands of the non-producers. It could all have been saved by the government issuing paper money in place of buying gold and silver bullion and coining it into money for the benefit of foreign money-lenders, by not borrowing gold and silver money to keep it unemployed in steel-clad fortresses, such as our Federal Government has constructed and is now using in the city of New York, and by replacing the national bank notes with national paper money. These facts cannot be questioned; they are part of the history of our country, glaringly manifest, indelibly impressed upon the record. They are justified by elaborate arguments uttered by a portion of the managers of our government and claimed by them to be the architects of the recent enhancement in the price of some of the products of our producers. It is boldly asserted by them gold and silver money is the only *honest money*, and that our people can become prosperous and happy by using coin money alone in the settlement of the balances which arise in their business transaction.

If what I have said does not demonstrate the fallacy of these opinions and the wicked folly of perpetuating the past and existing financial policy of our government, the following elucidation, in connection with the foregoing, will, I hope, have the effect to do so, and inaugurate a

policy which will result in securing to the 40,000,000 producers the blessings of prosperity equally with the 4,000,000 non-producers.

A nation acquires wealth only when the people produce, in excess of all their outlays, those things which constitute wealth, or which can be exchanged with other nations for wealth. The people of the United States possess the means to produce everything consumed by humanity with a less outlay of physical effort than any other nation. This pre-eminence in our ability to produce arises from the extent of our territory, the fertility of its soil, the variety and geniality of its climate, the exhaustless supplies beneath the surface of minerals and metals unequaled in quantity, quality, or accessibility; our unequal facilities for transport furnished by our rivers, lakes, canals, railroads, and roadways, penetrating every portion of our vast territory, and the unsurpassed manufacturing establishments in existence, and the ingenuity, skill, and energy to increase them to any extent. With wise laws, properly administered, we could produce everything we consume, and defy all competition in contending for supremacy in the markets of the world for nearly every article consumed by humanity. The kind of money used to settle the balances incident to production does not affect the cost and the amount of production, while the rate of interest is the sole arbiter of the cost, and the cost is the arbiter of our ability to sell, and the cost and amount of production are the meters of our increase in wealth. If the rate of interest is the arbiter of the cost of production; if the rate of interest is fixed by the volume of money in circulation in proportion to the amount of debts to be paid; if the unerring index of the proper rate of interest on money is the compensation or profit realized upon the capital employed in production; if production is the only source of wealth; if the producers of our country, numbering not less than 40,000,000, men, women, and children, realize no compensation for the money employed in all their varied operations, and the wages of labor are not sufficient to supply the indispensable wants of humanity, while the money-lenders, government officials, and other non-producers, numbering not over 4,000,000 human beings, realize a maximum compensation for their money and their services amounting each year to at least $2,200,000,000, the obvious duty of our Federal Government is to enact laws requiring the payment of its debts in paper money, made a legal tender, and reducing the salaries of its officials in proportion to the reduction which has occurred the last six years in the value of the property and the wages of the labor of the 40,000,000 producers. To appreciate the results which would flow from the adoption of the financial policy which I have proposed it is necessary to summarize some of the products of the world, and our ability to produce them, and the commercial transactions of our own with other nations.

The nations of the world now consume annually about 8,000,000 bales of cotton. Of this amount the farmers of the United States produced last year 4,600,000 bales, and the crop of this year is estimated at 5,000,000 bales. We have in the States lying in the Mississippi Valley enough vacant land especially adapted to the growth of cotton by its fertility of soil and location capable of producing more cotton than the world consumes. Despite the vast unjust and unnecessary outlays to which our producers have been, and are now, subject, they have defied the competition of the producers of other nations in selling their cotton; and if their outlays were reduced as I have proposed, the poorly-paid laborers of our own and other countries would speedily utilize our unoccupied lands in producing cotton sufficient to supply all the wants of mankind.

The world consumes each year about 8,000,000 tons iron. Of this amount Great Britain manufactured in 1867 (the last year I have any account of the amount produced), 4,761,023½ tons. The product of the United States has never in any year reached 3,000,000 tons, notwithstanding we have the blast-furnaces and rolling-mills in existence, and the skill and labor to utilize them, capable of producing 5,000,000 tons annually. With almost a continent of land capable of producing with minimum labor everything necessary to support men in comfortable existence; with iron ore, stone coal, and limestone greatly superior in quantity, quality, and accessibility to those of Great Britain and the balance of the world; with ingenuity, skill, and industry unsurpassed; with all these advantages, our iron-works, until lately, have been idle or unprofitably employed, the owners and operatives have been struggling in financial embarrassment and sweltering in poverty, and during the five years preceding the 1st day of July, 1878, we purchased, imported, and consumed $83,591,149 in value of iron and steel. These facts tell us distinctly whenever the supply of money is so increased as to reduce the rate of interest in this country to the rate paid by the producers of iron in Great Britain, we will produce not only all the iron and steel we consume, but will be able to sell at prices, with profit, which will enable our manufacturers to exclude those of Great Britain from all the markets of the world.

In 1867 the people of Great Britain manufactured $498,410,150 in value of cotton goods, and exported and sold that year $354,228,560 in value of them.

From the insignificant beginning of less than $1,000,000 in value in 1760, the manufacture of cotton goods in Great Britain swelled to $150,000,000 in 1824, and in the following forty-three years increased so rapidly as to reach the vast sum of $498,410,150 in 1867. Every pound of the cotton consumed in the fabrication of these goods, and much of the food consumed by the operatives during that long period of one hundred and seven years, were purchased and imported from other nations, largely from the United States. With the ability to produce the raw cotton and the food needed to sustain the operatives, with less labor than other nations; with machinery in existence unsurpassed in excellence, and with the skill to use it successfully and the ingenuity to increase it to any extent, to enable us to produce in excess of our own wants, why did we go, during the five years preceding the 1st day of July, 1878, to other countries, purchase, import, and consume $116,451,597 in value of cotton fabrics. During that period the wages of operatives in this country were at minimum, the price of raw cotton was less than in Great Britain and elsewhere, and yet nearly all the owners of cotton-mills in the United States were involved in financial ruin. These anomalies are all explained by the fact that our manufacturers were compelled to contribute, in obedience to the mandates of existing laws, nearly three times as much to the money-lenders for interest as the manufacturers of other nations were subject to, and were unable to realize out of their products and their accumulations a sum sufficient to meet the demands of the non-producers. The people of England, Scotland, Ireland, Wales, and the Channel Islands, having a territory of 5,000 square miles less than the States of New York, Ohio, and Pennsylvania, owned and fed 35,617,812 sheep on that territory in 1867, and manufactured and sold to other nations the same year $125,887,188 in value of wool and woolen goods. In 1870 the sheep in the United States numbered 28,477,951, and we imported and consumed that year over $60,000,000 in value of wool and woolen goods.

During the last five years we imported and consumed $217,353,097 in value of wool and woolen goods, viz: in 1874, $55,032,494; in 1875, $55,680,843; in 1876, $41,457,425; in 1877, $32,589,666; in 1878, $33,592,569. With almost a continent of land, most of it uncultivated, covered with native grasses especially adapted to the nutrition of sheep without other food, capable of supporting in the most healthy and vigorous condition hundreds of millions sheep with no cost save the herding, it is marvelously strange we should have gone to other lands to buy the clothing necessary to protect us from the chill winds of winter as well as the lighter garments to cover our nakedness during the genial months of summer. With woolen mills in our country having the capacity to make all the woolen goods needed to supply our own wants, with operatives skilled in their use, goaded by pinching want, vainly asking for a chance to supply their indispensable wants by honest toil, we gave to the producers of other countries that which of right belonged to our producers in consequence of the unjust contributions which they were forced by existing laws to make to money-lenders for interest and government officials for salaries.

During the last five years we imported and consumed $412,400,696 in value of sugar and molasses, viz: in 1874, $92,849,203; in 1875, $85,032,504; in 1876, $66,296,553; in 1877, $90,677,969; in 1878, $79,554,467. We have millions of acres of land in our Gulf States, the home of the sugar-cane, in their primitive fertility, inviting the industry and skill of all nations to utilize them in the production of these indispensable luxuries. In that region we could produce all the sugar and molasses required to supply our own wants with no greater expenditure of labor than is necessary in any other locality. The sugar-cane is not the only source whence we could derive our needed supply of sugar and molasses. Nearly every acre of land in the United States, suited to tillage, will produce the sugar-beet with as little labor as is required elsewhere. It has been demonstrated by the practice of the people of France and Prussia that the sugar-beet is as economical a source whence sugar and molasses can be derived as the sugar-cane. The people of France have relied upon the sugar-beet for their supply of sugar and molasses since its introduction by Napoleon Bonaparte. In 1838 the people of Prussia made only 7,676 tons beet-sugar, and in the succeeding twenty-nine years increased the production of it so greatly that in 1867 it amounted to 201,241 tons. After the saccharine matter has been extracted from beets, the residuum is among the most valuable articles devoted to animal nutrition, and thereby to the increased fertility of our land. The following facts establish the truth of this position:

In the district of Valenciennes, France, prior to the introduction of beet-root culture, the production of wheat was 975,000 bushels and the number of oxen 700. After its successful introduction, the production of wheat was 1,168,000 bushels and the number of oxen was 11,500.

When to the cotton, wood, and iron I have enumerated are added the almost numberless articles of which they are the component, and the other countless commodities consumed and used by mankind, which we possess the means of producing with less or no greater outlay of physical effort than other nations, our unequaled opportunity for the accumulation of wealth is manifest, whenever the outlays of our producers to the non-producers are as low as in rival producing countries. The evil effects of maintaining the outlays of our producers at maximum are made additionally evident by the following facts: During the eighteen years preceding July 1, 1878, the value of the merchandise imported

and consumed was $7,619,310,721, and exceeded the value of all our exports, except gold and silver, $698,389,752. During the same period our exports of gold and silver exceeded our imports of those metals $905,027,976, and the vast debts resting upon us, amounting to at least $15,000,000,000, and possibly twice that amount, were created. It is probable more than one-half of all our debts are owned by the money-lenders of other nations, and to pay the interest on that portion of our debts requires the contribution of at least $600,000,000 each year in coin money from our producers, or, if unpaid, an addition of the deficiency to our debts. There is no public record kept of this item in the outlays of our producers. It is obvious, therefore, unless the value of our commodities exported and sold exceeds the value of commodities imported and consumed $600,000,000 each year our debts to foreigners would be increased.

Notwithstanding the balance in our favor in the exchange of commodities with foreign nations the last two years was $522,450,836, we exported $8,622,452 more gold and silver than we imported, which is conclusive evidence the whole of the $522,450,836, as well as the $8,622,452, were absorbed in the payment of interest on our debts, and it does not necessarily follow these amounts discharged all the interest which accrued on our debts. The unusual influx of gold and silver into this country since the close of the last fiscal year was caused by the failure of the wheat crop in Great Britain and Europe, and the fact that our farmers alone were able to supply the deficiency; and if we should be able to retain any portion of the gold and silver received this year for our surplus wheat, it will be the first time out of the last twenty years we have added to the wealth of the nation by the sale of our surplus products. While it is evident the price of the products of our mines and our manufactories and the wages of the labor devoted to their operation has advanced, and their owners are probably realizing at this time for their products a sum sufficient to meet all their outlays, and possibly leave them a surplus, it is equally evident this increase in the receipts of the owners of our mines and manufactories and their co-workers, amounting to hundreds of millions dollars in the year, is all paid by the remaining producers of our country, the farmers and their co-laborers. Our sales of iron and cotton and woolen goods to foreign countries will be no greater than formerly; on the contrary, they will likely be diminished, and the quantity of them imported and consumed will be increased. The importation of the 10,000 tons of pig-iron from Great Britain by the Edgar Thomson Steel Works of Pittsburgh, already noted in this paper, is not an exceptional case of the kind, and may be regarded as conclusive evidence that the *boom of prosperity* for the producers of iron will be short-lived, and will be succeeded by a revulsion as disastrous as that of 1873. Permanent, enduring national prosperity can be secured only by the production and sale of commodities to foreign countries in excess of all our outlays. The production and sale of iron, cotton, and woolen goods at an advance in price to our own people may enrich their producers, but it is done at the cost of the remaining producers, the farmers, and unless they get a corresponding advance in the prices of all their products, it is evident their net income will be reduced just in proportion to the increase in the income of the remaining producers. Our farmers have realized a small advance in the price of their wheat, and have sold more of it than usual to the consumers of other lands, not enough to meet the additional demands made upon them in consequence of the enhanced value of the products of our mines and manufactures.

The inevitable conclusion from these facts is that the present *boom of prosperity* is delusive and will end in another revulsion. The debts of our governments, our corporations and individuals, and the annual accruing interest on them are undiminished; the salaries of the officials of our national, State, and municipal governments have not been reduced; the compensation to secular and religious teachers, lawyers, doctors, merchants, railroad employés, and other non-producers is no less than in past years. These constitute the outlays of our producers, and are the cause of their financial paralysis. They fix the cost of all their products, and the cost is so much more than the cost of similar products in other lands, in consequence of the higher rate of interest in this country, we can buy cheaper than we can produce, notwithstanding we can produce with less labor than the people of other countries nearly every article consumed by humanity.

The history of the rise and progress of manufacturing industry in Great Britain is full of instruction and encouragement to the people of our country. The production of cotton fabrics in Great Britain increased from less than $1,000,000 in value in 1760, to $498,410,150 in 1867. The production of iron increased from 400,000 tons in the year 1820 to 4,761,023½ tons in 1867. During the fifty-nine years commencing with 1798 and ending with 1857, the people of Great Britain exported and sold $11,397,650,385 in value of commodities in excess of the value of all their imports. From that time until 1873 was the period of the greatest prosperity enjoyed by the manufacturers of Great Britain, and it is probable the accumulated wealth of the people was increased from $11,397,650,385 in 1857 to, at least, $25,000,000,000 in 1873. During that period, our imports of merchandise exceeded our exports of merchandise over $1,000,000,000; our exports of gold and silver exceeded our imports of gold and silver $905,027,976, and the present debts of our governments, corporations, and individuals, amounting to at least $15,000,000,000, and possibly twice that amount, were created. Great Britain has become the great creditor nation of the world by keeping the supply of money at maximum, the rate of interest and the outlays of her producers at minimum, and thereby enabling her people to contend successfully for supremacy, in all the markets of the world, for the surplus products of her mines and manufactories.

By steady persistence in that policy her capitalists have become the largest lenders of money of any nation in existence. They are the largest owners of the debts of our Federal, State, and municipal governments, our corporations and individuals. The amount realized annually for interest by her capitalists, from their debtors in this and other nations, is no doubt sufficient to support in comfort all the people of Great Britain.

The United States is the great debtor nation of the world, and by adopting the policy of keeping the supply of money at minimum, by using the most costly materials, gold and silver, for money, the rate of interest and the outlay of her producers are kept at maximum, and the amazing spectacle is presented of a nation buying at less cost those things essential to the existence of our people, which they can produce with less labor than the people from whom we buy them, as the inevitable sequence of that policy. The supply of coin money in this country can be increased only by producing commodities in excess of our own wants which can be exchanged for coin money. A reduction in the outlays of our producers to the standard of rival producers is a preliminary necessity.

Production being the only source of wealth, it follows the amount and cost of production are the meters of the increase in wealth. I have demonstrated the people of this country possess the means to produce nearly everything consumed by humanity with less labor than the people of other countries, that the rate of interest on money is the absolute arbiter of the cost of every commodity produced, that the rate of interest in this country is nearly three times greater than in rival producing countries, that the rate of interest is regulated by the relation of the supply of money to the demand for it, that the only mission and duty of money is to settle the balances which arise among men in their business transactions, that paper money does this as well as coin money, that the ultimate value of coin money is no more certain than the ultimate value of paper-money, that money of any kind can be made absolutely good only by the government redeeming and destroying it, that the only true index of the adequacy or inadequacy of the supply of money is the relation between the compensation for money loaned and the compensation for money employed in production, that the producers of the United States have not for many years realized any compensation for the capital employed in their operations while the money lenders have realized a maximum rate of interest on their capital, that the entire cost of making money, and all the interest realized from money loaned, is contributed by the producers of our country and is a tax upon production for the whole amount. The conclusion is inevitable, sound policy and justice demand that our Federal Government ceases to collect from the producers of our country the money required to pay its debts, and issue paper money to do so, until the compensation for the capital of money-lenders and producers is fairly equalized. When that end is attained it is obvious the government should cease to issue money, and resume the collection of the needed amount to pay its debts from the producers. With national bonds amounting to about $1,900,000,000, the annual accruing interest on which is about $108,000,000, and with annually recurring debts for interest and salaries amounting to abou $275,000,000—all paid by the paralyzed producers of our country—the opportunity to afford instant financial relief to our producers by the payment of all or any portion of existing debts with an issue of paper money is apparent.

The plan I have proposed involves the destruction of all our national-bank notes, and the exercise by the Federal Government alone of the right to furnish the people with money to transact their business. It is evident by the wise exercise by the managers of our Federal Government of the unquestioned right to collect from the people the amount needed to pay its debts, or the concurrent right to issue paper money and pay them, a perfect equilibrium in the compensation for the capital of producers and money-lenders can be established and maintained, and the financial disasters which have been so destructive to human hopes and human happiness can be, to a great extent, avoided.

The remedy for existing financial ills is the immediate payment of our national bonds with national paper money, to be a legal tender, and a reduction in the salaries of all government officials, in proportion to the diminution which has occurred the past six years, in the value of the property and the wages of the labor of the 40,000,000 producers of our country. The first and almost immediate effect of the conversion of our national bonds into money would be a reduction in the following outlays of our producers: The cost of making all our coin money; the cost of keeping this coin money idle in the vaults of our treasuries; the cost of furnishing the national-bank notes and the inter-

est on our national bonds. These outlays aggregated last year, as I have demonstrated, $281,120,499.50. These would be speedily followed by a reduction in the rate of interest on all our debts so great as to enable our producers to secure for their capital a compensation equal to the compensation realized by money-lenders for their capital when loaned. The minimum amount of the reduction in this item in the outlays of our producers would, in all probability, reach $600,000,000 each year. When to these is added the reduction in the compensation of the officials of our governments and other non-producers, which would equitably and inevitably follow, it is obvious the aggregate diminution in the contributions of the 40,000,000 producers to the 4,000,000 non-producers would exceed $1,200,000,000 each year. With this vast annual diminution in the cost of the products of our soil, our mines, and our manufactories, it is evident our producers could defy the competition of the producers of all other countries in contending for supremacy in the markets of the world for the surplus products of our labor, our ingenuity, and skill. With the ability to produce nearly every article consumed by humanity, with less labor than other nations, it is evident, when the outlays of our producers are reduced to minimum, the profits which will result to producers will stimulate production to maximum, and our exports will exceed our imports so largely as to speedily change our condition from the *great debtor nation of the world* to the *great creditor nation of the world.* Then, and not till then, will the hopes of the advocates of hard money be realized. Then will gold flow into our country, and remain with us until we find something more valuable than gold to exchange it for. I have thus answered your third and fifth questions.

The only just basis for taxation is income. Income is not limited to the profits arising from loans, salaries, and business operations, and from rents, but applies equally to investments in what is termed unproductive property. The motive which prompts such investments is the ultimate increase in the value of such property, and unless the ultimate increase in the value of such property would equal or exceed the amount which could have been realized by using the same amount in loans, or in some business adventure, the result would be unsatisfactory, and the investment would not be made. The only unerring meter of the value of property is the profit which results to the owner from it, not for one year alone, but for a series of years. If property fails to yield an income equal to the income which is afforded by investing a like amount of money in loans, or in any business operation, it will recede in value until it reaches a price in proportion to the income, modified by its prospective value. As governments are created for the *common good* and the *general welfare*, each individual should contribute towards the expense of maintaining the government in proportion to the benefits which he derives from the government. Income is the measure of the equity and perfection with which governments are managed. Whenever one class prospers unduly and another class is involved in adversity, it is clearly evident the laws in existence are unjust and unwise, or they are unjustly and unwisely administered. The whole duty of government is to secure equal justice to all men, and so manage its affairs, if there must be any discrimination, that the greatest good will be conferred on the greatest number. The crowning evidence of the unjust and unwise laws in existence in the United States is the fact that the 40,000,000 human beings employed in and dependent upon farming, manufacturing, and mining operations have for six years sweltered in absolute poverty in consequence of the de-

mands made upon them by the 4,000,000 men, women, and children who produce nothing, who receive every dollar they spend and every dollar they accumulate from the paralyzed producers, and which I have demonstrated amounts to at least $2,200,000,000 each year.

History presents no anomaly equal to this—40,000,000 human beings, who make and unmake our laws, being immolated by 4,000,000. Liberty, justice, and reason are almost hopeless.

I have in the foregoing endeavored to give the cause of the hard times which have so long prevailed in this country and the remedy for them. If the facts and the principles are unquestioned, the conclusions are their inevitable sequents. If what I have said should result in prompting the managers of our governments to make needed reforms, my reward will be complete.

Respectfully,

GEO. RHEY.

To Hon. HENDRICK B. WRIGHT,
Chairman Committee House of Representatives,
on the Depression of Labor:

SIR: In responding to the request for my views of the matters specially belonging to the purview of your committee's investigations, I can but briefly indicate some of the most salient causes of the great "world's crisis" in which the nations of Western Europe in common with ourselves are now plunged by the spirit of the times.

That our case is not singular is conceded, and that our boundless resources of soil and climate have more than anything else sustained us in the throes of the present crisis is not to be doubted. Neither our form of government nor the wisdom or unwisdom of our legislators, judges, and executive officers have had more than a minor share in producing the condition of affairs now upon us.

No form of government can be exempt from influences which are so fundamental as those which now press upon our whole civilization with a resistless power, to modify the very groundwork of our traditional institutions and social conditions; nor can the *statu quo* of our political institutions be maintained in the revolution that for nearly a century has characterized the transition of the older into the newer forms of industrial and political life.

Legislation, while it may delay, cannot frustrate, the spirit of the age; and only so far as legislation truly reflects the deeper moral convictions of the people can it aid us in the present crisis. From the decay of military and feudal civilization arose the revolutionary epoch which has already brought modern civilization to the recognition of the rights of man as an individual, and this principle has thus far found its highest expression in our own country in the enfranchisement of all laborers.

But the rights of man as a social being, and as the heir of all the parts, have, with the duties which belong to the exercise of those rights, remained vague and unformulated, both from inadequate and improper moral direction, and from the influences of our natural conservatism or social inertia, which have hitherto furnished no adequate basis for the social and industrial regeneration already demanded by the altered conditions of the proletarian masses.

In recognizing the central fact that our modern civilization has emerged from the military and feudal forms into the more enduring and progressive type of industrial civilization, your committee and the

Congress of which it is a part, can, by the co-operation of State legislatures and constitutions, forward the orderly progress of such inevitable changes in our political institutions as will adapt them to the requirements of modern society.

No national efforts here or elsewhere have as yet consciously and intelligently undertaken the task of directing the mighty changes that are already upon us in this regard; and, if it shall be the fortunate and eminent lot of your distinguished committee to be the first body of legislators in the world to take up the task of formulating the facts which the logic of events have given you, and, in the light of a philosophy of history which will give us progress with order, you shall declare the duties of the industrials to all and of all to each industrial in political relations, you will have had ample justification for your labors and your outlays.

An industrial civilization demands the recognition by law of the fact that the industrials are not a class, and that they constitute the great body of society and of the State, and that the professional, legislative, administrative, and judicial classes are special functionaries, classes, and servants of the great body politic and industrial. Cæsar was the State—the people are the State.

Hence, any law, policy, or public act which has not for its primary and principal object the welfare of the mass, is class legislation or action, partial, unjust and indefensible. For this reason the efforts of trades-unions, co-operative societies, isolated communities or colonies, have failed and must continue to fail to bring general relief; and only through general relief can any class be relieved from an impending anarchy, since modern life is intimately and essentially complex and co-extensive with the interests of society and the State as a whole.

The right to "life, liberty, and the pursuit of happiness" is conceded, but it is not yet established. The right to the means of life, to the security of liberty, and to the opportunity to pursue happiness must be secured.

These mean not agrarian divisions of past accumulations which frugality, forethought, and toil have supplied, but they mean that the people and the government are *one* in fact and purpose, and we must speedily denounce and remove the traditional error that government is a metaphysical entity above and apart from the people, to which the latter owe only taxes and obedience. This error breeds in discontented and revolutionary minds its counterpart, which causes the proletariat to regard the government as something other than their highest expression of order and progess, of liberty, justice, and beneficent power.

Modern politics demands that land, transportation, labor, and that great instrument of human association, money, should be public functions and trusts. Confiscation under any pretext is not required. Compensation and justice can effect all needful changes through gradual and persistent methods.

When government acquires or holds lands it does so in trust for all its citizens who may wish to use it under equitable regulations, and has neither excuse nor right to delegate its titles to classes, individuals, or corporations.

When government, State or Federal, grants charters or makes laws regulating transportation of men and materials, it acts for all, and, as in the case of the post-office, should specially favor no class or individual.

When government assumes to regulate general labor, which it should only do in an advisory manner through a bureau of government statis-

tics, it cannot be permitted to discriminate in its policy either in favor of or against the industrials or the capitalist class.

When government takes away from the private citizen the right to issue, coin, or circulate as lawful money his own products or his own credit, it does so for the good of all; and, in the exercise of this sovereign power of government, no power rightfully exists in Congress or elsewhere to alienate or delegate this function to any class of men or corporations.

Banks of discount, deposit, and exchange are a normal and necessary part of our social and industrial life; but banks of issue, circulating as money their credit, are usurpers of a function of government, and should be suppressed or treated as counterfeiters. Money being one of the most essential instruments of industrial association, and being always and everywhere the creation of law—being equally "fiat money," whether made of a substance of intrinsic value or intrinsically valueless—must be provided in such sums as individuals can give security or value to the government for, according to their requirements.

The financial dry-rot that has crippled our industries, and that has made the world a vast pawn-shop, results largely from usury or interest. This is forced upon the people by debt. Debt comes in most cases from lack of sufficient actual money to transact business. The modern plutocracy are adverse to a cash system of business, adverse to the payment of interest-bearing devices.

Government, possessing the sovereign attribute of making money, never should borrow money nor pay interest. It should buy what it requires and *pay* for it. Government alone should *receive* interest. The Wright land and loan bill embodies the true principle, and foreshadows a great and most valuable change in this regard.

To properly effect the change into our permanent industrial form of civilization, a few essential things may be indicated.

1st. The moralization of wealth—both capital as accumulated labor, and labor as the potentiality of wealth.

To accomplish this, legislation is powerless. This is evidently a function of the spiritual power of society as embodied in public opinion, and its exponents, the press, art, the pulpit, and the drama; legislators must keep hands off except as mere agitators in this field.

2d. The industrialization of armies.

Here legislation is urgently and immediately demanded. We have demonstrated our ability to get along as a people without large armies or navies. We have millions of unemployed who should be enlisted, organized, equipped, and set to work in wars of conquest upon nature—in wars of beneficence and construction, that are needed to develop and reclaim our country and our planet from the imperfections which still clog the way of human advancement, prosperity, and happiness.

Vast public works by States and by Federal authority should be undertaken at a hundred points within our jurisdiction. The proceeds of these labors would defray all their expense. They need not interfere with private enterprise or industry, and their certain success would make us in fact rather than in name a commonwealth.

3d. The revocation, upon equitable terms, of corporate charters which confer upon classes or corporations functions like those of transportation, telegraphing, &c., which could be more efficiently and equitably performed by States and the Federal Government, and the gradual acquisition by the government of railways, steamship lines, telegraphs, telephones, and express company properties and functions.

4th. The entire and absolute secularization of the State and of all

laws, in order that the spiritual power may be free, and that bigotry and superstition shall not, under guise of law, hinder the State in its normal duties, nor harass the citizen in his allegiance and duty.

5th. The free elementary education of the masses, and preparation of men to support women and children.

6th. Local self-government. No Federal interference by sumptuary or other laws of a purely moral or religious bearing; nor by legislation beyond the delegated powers of the Constitution.

7th. Simplification of remedial justice in courts of law, and reduction of its expense.

These, with numerous analogous measures not necessary to refer to at this time, seem to me to be the only practical methods whereby we can arrive at a peaceful and orderly solution of the great question of our time, viz, that of a proper adjustment of the elements of modern society to an industrial form of civilization.

California has taken the lead in this reform, and her example, although not a perfect model, is valuable to our national legislators.

I am, Mr. Chairman, and gentlemen of the committee,

Sincerely yours, &c.,

JOHN G. MILLS,
932 *Arch Street, Philadelphia, Pa.*

JANUARY 1, 1880.

LABOR COMMITTEE INDEX.

CHICAGO TESTIMONY.

CONTRACTION OF THE CURRENCY—SOCIAL AND LABOR PROBLEMS.

	Page.
Views of Mr. L. J. Gage, cashier of the First National Bank	5
Mr. George Schneider, president of the National Bank of Illinois	14
Mr. George Marshall Sloan, lawyer and farmer	21
Mr. Charles Randolph, secretary of the Board of Trade	34
Mr. Joseph Eastman, contractor and builder	42
Mr. Jonathan Y. Scammon, lawyer and ex-banker	50
Mr. Joseph K. C. Forrest, writer for the press	72
Mr. William Halley, printer and publisher	75
Mr. John H. Kedzie, real estate owner	84
Mr. Van H. Higgins, lawyer and real estate operator	90
Mr. D. R. Streeter, of the Council of Trade and Labor	101
Labor statistics	101
Plan of the Council of Trade and Labor	114
Views of Mr. P. H. McLogan, printer	114
Mr. C. McAuliffe, printer	118
Mr. C. F. Kenyon, shoemaker	120
Mr. George Rogers, iron-moulder	122
Dr. James Taylor, doctor of philosophy	125
Mr. D. R. Sperry, farmer	136
Mr. T. J. Morgan, machinist and glass finisher	139
Mr. George A. Schilling, cooper	153
Platform of the Socialistic Labor Party	153
Views of Mr. Benjamin Sibley, photographer	156
Mr. John McAuliff, stationary engineer	160
Mr. James McArthur, iron and coal business	163
Mr. Frank G. Thompson, workingman	176
Mr. John M. Clark, leather manufacturer	177
Mr. T. W. Baxter, manager of the Elgin Watch Company	183
Mr. A. R. Parsons, printer	192
Resolutions of the Eight-hour League	196
Views of Dr. W. J. W. W. Washington, physician	200
Mr. Carl Beer, fancy goods importer	201
Mrs. Sarah M. Mills, delegate from the Liberal Reunion	206
Mr. Lyman E. DeWolf, lawyer	209
Mr. Harvey B. Hurd, lawyer	212
Mr. F. F. Munson, land business	215
Mr. Michael Haley, quarry and farming business	217
Mr. William Stewart, grain and lumber and grocery business	219
Mr. O. W. Potter, Chicago Rolling Mill	230
Mr. Jesse Spalding, lumber business	236

SAN FRANCISCO TESTIMONY.

LAND MONOPOLY AND CHINESE IMMIGRATION.

Views of Mr. T. B. Shannon, collector of the port of San Francisco	238
Statistics of trade with China	252
Views of Mr. Loring Pickering, publisher of the Evening Bulletin	253
Mr. John F. Schaefer, clothing manufacturer	263
Mr. Dr. C. C. O'Donnell, physician	267
Mr. Joseph C. Gorman, tinner	275
Mr. Thomas Terry, leather business	280

Page.

Views of Mr. J. V. Webster, farmer and horticulturist 284
Mr. James F. Stuart, lawyer 294
Mr. B. C. Duffy, cigar manufacturer 299
Mr. William Wright, street peddler 301
Mr. James O'Sullivan, printer 303
Mr. Samuel Braunhart, boot and shoe trade 306
Mr. Stephen Mayhill, house lather 310
Mr. S. A. Kusel, shirt manufacturer 311
Mr. E. W. Slessinger, boot and shoe business 314
Mr. Alexander Dunbar, author and contractor 316
Mr. Samuel Lewis, cigar manufacturer 318
Mr. Patrick J. Healy, newspaper carrier and law student 320
Mr. T. B. O'Brien, miner 324
Mrs. Ralph, milliner 327
Mrs. E. Swift, real estate business and mining stocks 328
Mr. John A. Collins, attorney at law 328
Mr. John Richard Freud, merchant 336
Rev. Otis Gibson, missionary to the Chinese 338, 358
Mr. M. J. Donovan, ex-State senator 350
Mr. William R Schaefer, furniture manufacturer 359
Mr. William M. Haynie, farmer 360
Mr. James Gilroy, former resident of China 362

DES MOINES TESTIMONY.

CONTRACTION OF THE CURRENCY.

Statement of Mr. Stephen Ford 365
Mr. George M. Walker, State treasurer 365
Mr. Owen Brownley, laborer and coal miner 371

NEW YORK TESTIMONY.

CONTRACTION OF THE CURRENCY.

Views of Mr. Peter Cooper, retired manufacturer 372
Mr. George W. Dean, real estate business 385

BOSTON TESTIMONY.

CONTRACTION OF THE CURRENCY—PRISON LABOR.

Views of Mr. H. H. Bryant, clothing business 390
Mr. David J. King, straw goods business 397
Mr. Horace Binney Sargent, real estate owner 403
Mr. John S. Butler, lawyer and oil business 414
Mr. John M. Devine, photographer 418
Mr. Charles H. Litchman, shoe business and member of the legislature 422
Mr. George B. Perry, compositor and proof-reader 433

COMMUNICATIONS.

From Mr. N. C. Thompson, of Rockford, Ill 205
Mr. R. P. Blanchard, of Chicago, Ill 437
Mr. C. S. Engle, of Chicago, Ill 437
Mr. H. T. Holbrook, of San Francisco, Cal 440
Mr. Giles Cowles, of Fremont County, Iowa 443
Mr. Samuel C. Hunt, of Boston, Mass 444
Mr. George Rhey, Millwood, Westmoreland County, Pa 447
Mr. John G. Mills, Philadelphia 462

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